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**JKTYRE**  
& INDUSTRIES LTD.

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Dear Fellow Shareholders,

The year gone by was indeed full of challenges. Estimated GDP growth rate at merely 6.5% was considerably lower than the previous year. Depreciation of rupee in the second half of the year led to costlier imports and higher domestic input costs. This impacted profitability.

The slowdown in the economic activity had a direct impact on the automotive sector. While Truck/Bus segment registered a growth of 7%, high interest rates and high fuel cost affected Car sales, which recorded growth of meagre 2.7% after several years of sustained high growth (in 2010-11 it was 25%).

The long term outlook for domestic tyre industry is positive in line with the automotive sector growth story of India. Car penetration in India is at 11 cars per thousand people as compared to China – 27, Japan – 320, USA – 450, Germany – 501, etc. Increasing demand for cars and transportation in general along with better connectivity certainly reflects high growth potential for this sector in the coming years.

At JK Tyre, several expansion projects were completed during the year. The new Green Site Plant at Chennai went on stream towards end of the year. The coming year shall have the benefit of volumes from this unit.

I take this opportunity to acknowledge whole-hearted support of all stakeholders and our committed team at JK Tyre in our growth process.

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

Best wishes,

Hari Shankar Singhania  
Chairman



Dear Shareholders,

The Automobile industry grew at a slower pace during the year on back of a slowdown in the economy. The tyre demand was consequentially impacted.

It is gratifying that your Company achieved 17% growth in turnover at ₹ 6,152 Crores. The total turnover including that of JK Tormel, Mexico was ₹ 7,465 Crores. JK Tyre continued to relentlessly grow its exports from both India and Mexico recording an increase of 35% over the previous year, touching ₹ 1,018 Crores.

JK Tyre maintained its leadership position as India's No. 1 manufacturer of Truck/Bus radial tyres. This position has been further strengthened with the commissioning of its expansion at

Mysore plant as also the starting of new all radial plant at Chennai.

JK Tyre is committed to invest in technology and R&D to develop newer products delivering high performance. This coupled with aggressive marketing initiatives will enable the Company to face competition and maintain its leadership.

I look forward to an exciting year ahead and your continued support in all our endeavours.

Best Wishes,

A handwritten signature in black ink, appearing to read 'Raghupati Singhania'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Raghupati Singhania  
Vice Chairman & Managing Director

## **BOARD OF DIRECTORS**

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Hari Shankar Singhania  
Chairman

Dr. Raghupati Singhania  
Vice Chairman & Managing Director

Bharat Hari Singhania  
Managing Director

Arvind Singh Mewar

Bakul Jain

Kalpataru Tripathy

Om Prakash Khaitan

Vimal Bhandari

Vikrampati Singhania  
Dy. Managing Director

Swaroop Chand Sethi  
Whole-time Director

Arun K. Bajoria  
President & Director

### AUDITORS

Lodha & Co.  
Chartered Accountants

### PLANTS

Jaykaygram, Kankroli, Rajasthan  
Banmore, Madhya Pradesh  
Mysore Plant I, Karnataka  
Mysore Plant II, Karnataka  
Mysore Plant III, Karnataka  
Chennai Plant, Tamil Nadu

### BANKERS

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

### REGISTERED OFFICE

7, Council House Street,  
Kolkata - 700 001

### ADMINISTRATIVE OFFICE

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

### VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Pawan Kumar Rustagi

Visit us at [www.jktyre.com](http://www.jktyre.com)

## DIRECTOR'S REPORT

### TO THE MEMBERS

The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended 31st March 2012.

### OPERATIONS

Turnover for the year under review was at all time high of ₹ 6,152 Crores recording an increase of 17% over the previous year. Operating Profit for the year was ₹ 283 Crores and Profit Before Tax was ₹ 13 Crores.

The Company along with its wholly owned subsidiary JK Tonnell achieved a turnover of ₹ 7,456 Crores during the year.

The year began on a promising note with robust sale of automotives across various segments. Economy was expected to grow at 9%. However, in order to contain inflation, monetary policy was tightened, during the year, resulting in steep increase in interest rates. The automotive sector was adversely affected and passenger car segment grew by merely 2.7%. Consequently demand for tyres slowed down.

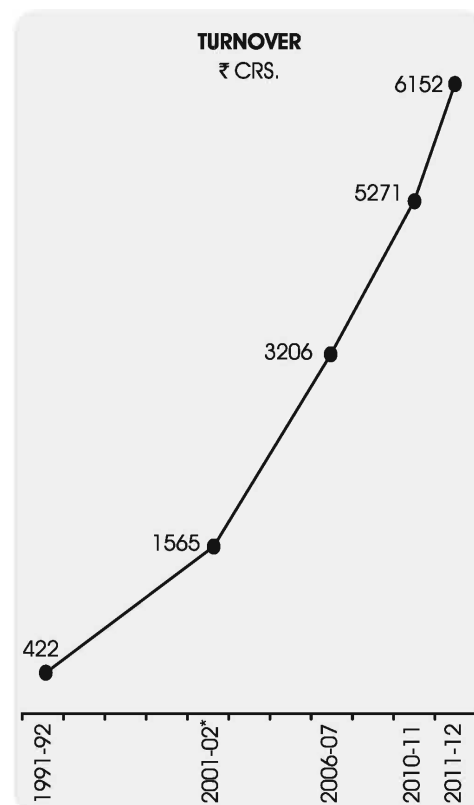
During the year, operations were disrupted at Mysore Plant II and Banmore Plant for 45 days and 60 days respectively, pursuant to go slow resorted to by a section of workmen at these locations. This illegal partial stoppage of work resulted in loss of production and profit to the Company.

Second half of the year witnessed severe volatility in foreign exchange rate movement, thus substantially impacting the cost of imported raw materials. All round cost push on the one hand and slow down in the automotive sales on the other, affected profitability.

The Company continued its relentless drive towards improving operating parameters, cost cutting, enrichment of product mix and enlarging market network. This helped contain the impact of these factors to some extent.

### DIVIDEND

Your Directors are pleased to recommend dividend of ₹ 2.50 per Equity Share of ₹ 10 each (25%) on the Equity Share Capital of ₹ 41.06 Crores. The Dividend outgo will be ₹ 11.93 Crores (inclusive of dividend tax of ₹ 1.67 Crores).



\*Annualised

### APPROPRIATIONS

The amount available for appropriation, including surplus from previous year and debenture redemption reserve no longer required is ₹ 60.45 Crores. The Directors propose this to be appropriated as under:

	(₹ Crores)
General Reserve	10.00
Dividend	10.26
Corporate Dividend Tax	1.67
Surplus carried to Balance Sheet	38.52
	60.45

## EXPANSION PROJECTS

Several expansion projects launched in the earlier years went on stream during the year:

### Truck Radials

Expansion at Mysore for further enhancing the capacity to 10 lac tyres p.a. was completed.

### Chennai Project

The new green site all radial plant at Chennai went on stream towards the end of the year. This facility with a capacity of 25 lac Car radials p.a. and 2 lac Truck/Bus radials p.a., will strengthen our market presence significantly in the year ahead. The coming financial year shall have the benefit of enhanced production from this Plant.

Another expansion of Chennai Tyre Plant by 2 lac Truck/Bus radials p.a. has been undertaken, which is expected to go on stream during the current year.

With the completion of the above projects, the turnover of the Company is expected to increase significantly in the current year, cementing JK Tyre's leadership in Radials.

Plans have been drawn for further enhancing capacity of Chennai Tyre Plant, both for Passenger Car Radial & Truck Radial tyres.

## JK TYRE – MOVING AHEAD

In spite of difficult and challenging year for the Tyre Industry, JK Tyre continued to march ahead driven by continued zest for growth;

- Turnover from Indian Operations at ₹ 6,152 Crores grew by 17% and consolidated Turnover including JK Tomel, Mexico at ₹ 7,456 Crores - up 16% .
- Total exports from India and Mexico crossed ₹ 1,000 Crores, an increase of 35% over previous year.
- JK Tyre maintained its leadership position as India's No.1 in Truck and Bus Radial tyre manufacturer. 27% of Company's production in Truck/Bus tyre category is already radialised. This position will be further strengthened with the commissioning of its new capacities at Mysore and at the new all radials Chennai plant.
- A number of new size of Ultra Large OTR tyres were introduced, for various dumpers and loaders. Their performance have been applauded by the users.
- Once again "JK Tyre" has been selected as a "Super Brand" and continues to be India's first and only Tyre Super Brand.
- JK Tyre partnered in the first ever Formula 1 championship held in India. It has acquired the rights of renowned world series 'Formula BMW Pacific'



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





which is now known as "JK Racing Asia Series" with the participating cars racing on specially made 'JK Tyres'. The race was run along with the First ever Formula 1 championship held in India.

### TRUCK/BUS RADIALISATION

It is indeed heartening to note that radialization of truck/bus segment is now catching up fast with current radialization being at 19%, which is expected to increase significantly to 35% in the next couple of years.

Your Company envisioned this much earlier, built capacities and continues to be the 'Truck/Bus Radials' leader in India. Already 27% of the Truck/Bus tyre production at JK Tyres is that of Radials.

### JK TREAD

Doubling of capacity of retread material was completed during the year, as planned. The Company markets its retreading services under the brand 'JK Tread'. The network of franchises has been expanded across the country, which offer end-to-end solutions to customers for retreading, both Bias as well as Radial truck/bus tyres.

### EXPORTS

Your Company exports its products to over 80 countries across the six continents, offering its wide range of products. During the year, your Company's export registered an increase of 41% with exports at ₹ 590 Crores.

In addition to exports from India, it also exports tyres from JK Tormel, which amounted to ₹ 428 Crores, thus the total exports were at ₹ 1,018 Crores.

### JK TORNEL

JK Tormel, Mexico, recorded a Sales of 3447 Mn Pesos (₹ 1,304 Crores) a growth of 13% over previous year. JK Tormel continues to improve its operations in several areas. There was significant increase in the production of Passenger Car Radials. Plans have been drawn to expand Passenger Car Radials capacity to meet the growing demand in this segment.

JK Tormel has entered for the first time in the highly competitive and prestigious Passenger Car Radial OE segment for supply of tyres to Chrysler and Nissan after a rigorous OEM approval procedure.

Slow recovery in the American markets as well as increased costs

& foreign exchange rate volatility faced during the year was a challenge for JK Tormel.

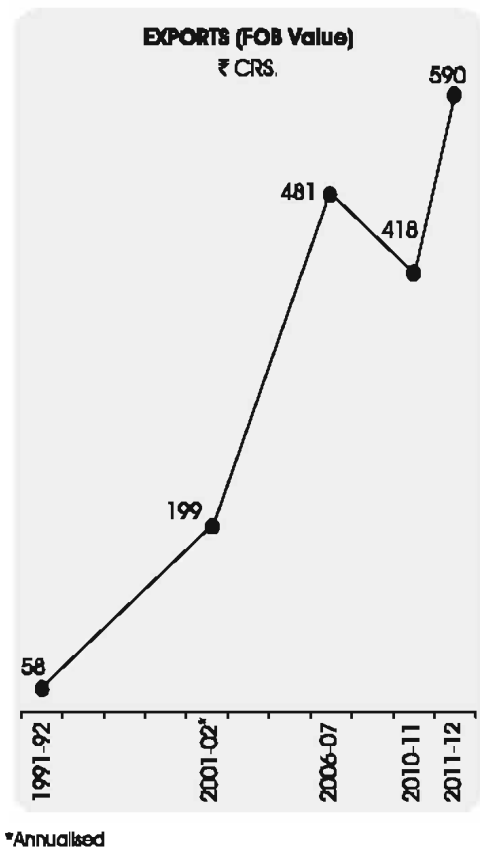
JK Tormel enhanced its exports to North and South American markets. It also exports tyres in "JK TYRE" brand in addition to its range of "TORNEL" branded tyres.

### R&D AND TECHNOLOGY

Technology and R&D has been the key driving force at JK Tyre. Your Company's vision to deliver world class products to the changing needs of the customer has enabled team JK Tyre to continuously deliver newer and newer innovative products.

Your Company's technology leadership is derived from its in-house R&D Centres, multidisciplinary collaborative research work with premier institutions of R&D including HASETRI and raw material suppliers in the field of highly complex materials, predictive technology, tyre characteristics, testing and other allied areas.

Various projects have been initiated for reduction of cycle time in all operations, optimization of components in the tyres and standardization of materials and



processes. New technological approaches and computing capabilities using mathematical methods to simulate the tyre behaviour in traction, breaking and cornering have been developed.

JK Tyre is also continuously improving productivity and quality in manufacturing processes like mixing, extrusion, calendaring, building and curing. Furthermore, innovative initiatives are being taken for substituting materials as well as using eco friendly raw material in manufacturing.

### **VALUE ADDED SERVICES TO CUSTOMERS**

JK Tyre continues to drive the Radial Revolution in India. Providing value to customers has always been JK Tyre's forte and towards this end, your Company has made significant investments. The Company serves its customers through "JK Truck Radial Tyre Care Centres" located along major National Highways in the country – which operate 365 days/24 hours, for repair & service of tyres. The Company also runs a unique Fleet Management Program which has enabled major fleets to optimise operating costs through tyre care provided by dedicated JK Tyre service teams.

Taking these initiatives further, JK Tyre has launched "TRUCK WHEELS" a new concept for providing "Total Tyre Solutions" for Truck/Bus tyres. Several such centres have been established, which enable truckers to avail of services like repair, retread, wheel alignment & balancing and other allied services like nitrogen air

care which enhances tyre life.

Your Company has been operating several one-stop passenger radial retail and tyre care outlets "JK Tyre Steel Wheels" across the country for last several years. These 130 outlets provide to the customers, value added services like computerized wheel alignment, balancing and automated tyre changing, air care etc., in addition to offering wide range of JK Tyre, under one roof.

### **MOTORSPORTS**

The year 2011 was a remarkable one for Indian Motorsport and for JK Tyre, in particular. The highest echelon of motorsport—Formula 1 was successfully hosted in India. It was a proud moment for your Company to be a part of the biggest motorsport extravaganza and to join the most coveted club of top brands of the world.

During the year, the Company acquired the Formula BMW Series and rechristened it as the JK Racing Asia Series (JKRAS). With this acquisition, JK Tyre created history in Indian Motorsport by becoming the first Indian company to acquire an FIA accredited series.

At the 2011 inaugural season, the JKRAS was a support race at the Formula One Grand Prix in Malaysia, Singapore and India, providing exposure to the young racing talents to prove their mettle in front of motorsports fraternity.

These races had a very large viewership across the globe, providing JK Tyre an excellent platform for



JK Tyre Plant, Banmore, Madhya Pradesh

reinforcing its presence in the Motorsports which added significant value to JK Tyre brand.

## AWARDS

During the year, your Company received several coveted awards. To mention a few, the Company received GOLDEN PEACOCK AWARD for "ENVIRONMENT MANAGEMENT", Asia's best Employer Branding Awards 2011 for "TALENT MANAGEMENT" and Greentech Environment Award - "CATEGORY GOLD". JK Tyre has been selected as a Super Brand once again and continues to be India's first and only Tyre Super brand. JK Tyre has also been recognized as an Indian Power brand. It is heartening to note that Dr. Raghupati Singhania, Vice Chairman & Managing Director of the Company received "CORPORATE ICON OF THE YEAR AWARD" by IIPM POWER BRAND.

## CONSERVATION OF ENERGY ETC.

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are annexed, Annexure -1.

## DIRECTORS

Shri Swaroop Chand Sethi and Shri Arvind Singh Mewar retire by rotation and being eligible offer themselves for re-appointment at the Annual General Meeting.

The Board of Directors appointed Shri Vimal Bhandari and Shri Ashwani Kumar Puri, as Additional Directors pursuant to Section 260 of the Companies Act, 1956 with effect from 29th July 2011. Shri Puri has since resigned and has ceased to be a Director. In terms of the said Section, Shri Bhandari will hold office as Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing candidature of Shri Bhandari for being appointed as a Director, liable to retire by rotation. The Board recommends appointment of Shri Bhandari as a Director.

Nomination of Shri Ashok U. Katra has been withdrawn by IDBI Bank Ltd. from the Board of the Company with effect from 10th May 2012.

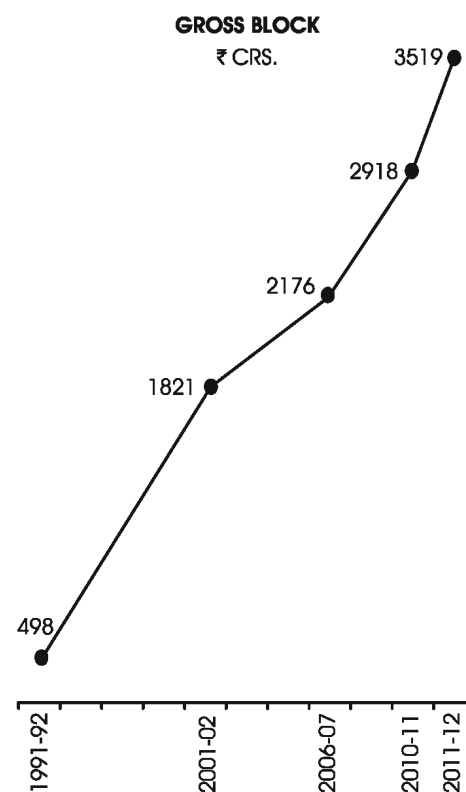
The Board records its deep appreciation for the valuable services rendered by Shri Katra and Shri Puri during their respective tenures of office.

## 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 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 2011 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 year ended 31st March 2012 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 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 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 State Governments of Rajasthan, Madhya Pradesh, Karnataka and Tamil Nadu, and the Governments of India and Mexico. The Directors also thank our customers, business and channel partners, bankers and other stakeholders for their continued support.

Your Directors also record their appreciation for the dedication and passion of 'Team-JK Tyre' which has enabled the Company to continue to surge ahead in these challenging times.

On behalf of the Board of Directors

The 15th May, 2012  
New Delhi

HARI SHANKAR SINGHANIA  
CHAIRMAN

## ANNEXURE TO DIRECTORS' REPORT

### A. ENERGY CONSERVATION

The Company accords highest priority to energy conservation and is committed to stringent energy conservation measures including regular review by external energy experts for consumption and effective control on utilization of energy. The Company has designed its new plants and other facilities keeping in view the objective of minimum energy losses.

The Company has managed the rising energy costs by continuous investments in replacing its energy systems with the latest energy efficient systems. Several measures implemented during the year include improved insulation on curing presses, pipelines, installation of energy efficient compressors, pumps, lighting, counter flow cooling towers and has undertaken extensive activity on plugging of leakages, water harvesting, water recycling etc.

### B. TECHNOLOGY ABSORPTION

#### Research & Development

#### a) Areas of R&D activities

Your Company's in-house Research & Development Centre located at Plant and the Tech Centre at Faridabad, work in close association with Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI), Scientific and Industrial Research Organisation (SIRO) and RPS Centre of Excellence at IIT, Madras. These nerve centres help Company to achieve excellence in Technology and meet the customer's emerging needs.

During the year under review, the R&D team focused its efforts on evaluation of new material including development of alternate cost effective material, development of new compounds, Design Cycle time reduction through Simulation and Predictive techniques, development productivity, apart from energy, water and environment conservation.

In-house R&D Centre in association with HASETRI is further enhancing its infrastructure facility particularly in

the areas of material characterization, advance tyre testing including noise vibration and harshness and ride and handling testing facilities to meet the emerging needs of the growing automobile sectors in India as well as in Asia Pacific region. These focused initiatives will render immense benefits in the years ahead in terms of cost optimization and customer satisfaction.

#### b) Expenditure on R&D

The expenditure on R&D during the year was ₹ 21.50 Crores, which was 0.35% of the turnover.

### C. TECHNOLOGY, ABSORPTION AND INNOVATION

#### 1) Efforts towards Technology Absorption, Adaption and Innovation

The Company has a highly competent, professionally qualified and well trained team of scientists, engineers and technologists who have successfully adopted, adapted and absorbed latest global technologies as well as best practices for improving the productivity and quality of its products and services.

Projects initiated, inter alia, include speeding up of operation to reduce cycle time, optimization of components in the tyres, rationalization of process to reduce handling time and manpower.

#### 2) Benefits derived as a result of above efforts are:

The Company has derived immense benefits as a result of the above efforts in the areas of product performance improvement, cost optimization, improved product reliability and optimization of material uses. These are continuing efforts which will greatly benefit the Company in the time ahead as well.

### D. EXPORT, FOREIGN EXCHANGE EARNINGS AND OUTGO

	(₹ Crores)	
	2011-12	2010-11
Foreign Exchange Earnings	595.33	425.37
Foreign Exchange Outgo	1,704.15	987.26

## Annexure - I

## PARTICULARS OF CONSERVATION OF ENERGY

## I. Power &amp; Fuel Consumption

	2011-12	2010-11
<b>1. Electricity</b>		
<b>a) Purchased:</b>		
Unit (Kwh in lacs)	1866.55	1724.53
Total Amount (₹ in Crores)	102.28	83.80
Rate / Unit (₹)	5.48	4.86

**b) Own Generation:****Fuel Oils**

Unit (kwh in lacs)	6.31	132.76
Unit / Ltr. of Fuel Oil (kwh)	2.22	3.08
Cost / Unit (₹)	11.23	4.53

**c) Turbo Generator:****Thru Coal**

Unit (kwh in lacs)	377.13	407.20
Unit / MT of Coal	727.92	755.46
Cost / Unit (₹)	6.99	5.44

**2. Coal**

Quantity (MT)	201977	184577
Total Amount (₹ in Crores)	99.99	76.81
Average Rate (₹/MT)	4951	4161

**3. Furnace Oil**

Quantity (KL)	3373	2744
Total Amount (₹ in Crores)	12.37	7.30
Average Rate (₹/Ltr.)	36.67	26.60

**II. Consumption per unit of production :**

Electricity (kwh/MT)	947	931
Coal/Furnace Oil	0.62	0.54



Shri R.C. Bhargava, Chairman, Maruti Suzuki India, receiving the Indian Car of the Year award from Dr. Raghupati Singhania



Dr. Raghupati Singhania presenting the Indian Motorcycle of the Year award to Shri N.K. Rattan, Vice President, Honda



JK Tyre gets Golden Peacock Environment Management Award 2011, from Hon'ble Home Minister of India Shri P. Chidambaram

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The last 12 months have been very challenging for the Indian economy. Managing growth and price stability were the major concerns of macroeconomic management. The Indian economy is estimated to grow at 6.9% in 2011-12, after having grown at the rate of 8.4% in each of the two preceding years clearly indicating a slowdown in the economic activity during the year. At the same time, by any inter-country comparison, India still remains amongst the front runners. With agriculture and services continuing to perform well, Indian's slowdown can be attributed largely to weakening industrial growth. The manufacturing sector grew by 2.7% and 0.4% in the 2nd and 3rd Quarters respectively. The all time high current account deficit has led to depletion of forex reserves as a percentage of GDP. This has resulted in foreign exchange rate volatility with its consequential impact on costlier imports and thus higher domestic input costs.

In a bid to control inflation, RBI tightened the Monetary Policy leading to frequent and steep increase in interest rates. Though the inflation has slowed down, this has severely dented growth.

The global economies are still facing uncertainties of slowdowns, however, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent.

### AUTOMOTIVE INDUSTRY

The slowdown in the Indian economy had a direct impact on the Automotive sector. The buoyancy as seen in the past few years waned off to a large extent. The Truck/Bus segment witnessed a lower growth of 7%, however the Light Commercial Vehicle and Small

Commercial Vehicle segment, providing the last mile connectivity, witnessed growth of over 25% and 35% respectively. High interest rates led to Car sales slowing down to a meager 2.7% growth after many years of sustained high growth. Increased gap in the cost of petrol and diesel led to a demand pattern shift in favour of diesel vehicles. Two three wheelers also witnessed a slower growth at 15%.

### TYRE INDUSTRY SCENARIO

While the Tyre Industry in India is expected to have a top line growth during this year, the slowdown and the increase in the input costs as well as exchange rate volatility has affected the profitability of the industry.

The overall Truck & Bus Tyre demand remained more or less stagnant, however, with growing radialisation in this segment, the demand for Truck/Bus radials grew by 8%. Radialisation in Truck/Bus segment was 19% and is expected to increase substantially to reach 35% in the next couple of years. This structural change in the market is reducing demand for Bias Truck/Bus tyres, thereby increasing competition in this segment.

The LCV alongwith Small Commercial Vehicle (SCV) segment grew by 23%.

The demand for Passenger Radials slowed down considerably and grew by merely 2.7% during the year.

In a bid to cater to changing demand patterns across all vehicle segments there is a proliferation of models across the segments, and the tyre industry is well equipped to meet these needs of the OEMs and the after market.

Tyre exports from India increased by approximately 50% and is likely to cross ₹ 4,000 Crores mark.

### RAW MATERIALS

During the year under review, raw material prices



continued to increase, practically throughout the year with Natural Rubber prices attaining the unprecedented levels. Most of the raw materials for the tyre industry are petro based. Spiralling prices of oil triggered the prices of Synthetic Rubber, Carbon Black, Fabric etc. Natural Rubber demand in India was much higher than the production, thereby necessitating sizeable quantities to be imported by the tyre industry.

Moreover, depreciation of the rupee by 14% added to the burden, particularly on cost of imported raw materials. The increasing trend of input costs during the year impacted the profitability of tyre manufacturers in the country.

Your Company continues to deploy innovative methods to meet this challenge, of unabated cost increase, by developing alternate materials, cost effective global sources and vendor relationship management. Working capital management remained an area of focus throughout the year, to partly overcome higher unit costs as well as steep increase in the rates of interest.

## JK TYRE

JK Tyre, the pioneers of radials in India, continues to march on relentlessly with strategic expansion and investments in the Truck Bus radial and PCR segments as the key to future growth. The year saw completion of various expansion projects as under:

Truck/Bus Radial tyre capacity at Mysore was further expanded to 10 lac tyres p.a. Production from the expanded capacity has started during the year.

The ultra modern state-of-the-art all Radials plant near Chennai went on stream during the year. This plant slated to annually produce 25 lac Car Radial tyres p.a. and 2 lac Truck/Bus Radials p.a. shall start regular production in the beginning of the next financial year.

The Chennai Tyre plant is being further expanded by enhancing Truck Radial production to 4 lac tyres p.a. This additional capacity will start becoming available from the last Quarter of calendar year 2012.

## TRUCK/BUS RADIAL

Truck/Bus Radials are growth drivers for the industry and are expected to witness a demand growth of around 40% in the financial year 2013. JK Tyre, leader in this segment has further strengthened its position with the commissioning of its new capacities at Mysore and at the new all Radials Chennai plant.

New products such as, JDH Star series for heavy load, JDL series for high speed long-haul and JUC2 series for all-wheel applications were introduced, to cater to the rapidly radialising market in this segment.

JK Tyre has been running a unique Fleet management programme for the last several years, to provide



Lakshmiapat Singhania – IIM Lucknow 'National Leadership Awards' – Hon'ble Home Minister of India Shri P. Chidambaram and H.S. Singhania, President J.K. Organisation, with distinguished winners



service for its tyres at transporters' premises, in order to help them derive optimum value and mileage from its tyres. This is also an effective tool to build relationship with the valued customers, In addition to several customer centric programmes and meets undertaken by the Company throughout the year.

In an initiative to help mitigate shortage of qualified truck drivers and help the transporters, the Company has conducted 300 Driver training programmes to enhance their skill sets.

"JK TYRE TRUCK WHEELS" a new concept for providing "Total Tyre Solutions" was launched, and 6 such TRUCK WHEELS started functioning during the year, which provide repair, retread, wheel alignment & balancing and other allied services.

The Company provides tyre repair and care facility to its customers through a chain of "JK Truck Radial Tyre Care Centres" located along major National Highways in the country – which operate 365 days/24 hours, for repair and care of tyres.

### **TRUCK BIAS**

Radialisation of the Truck/Bus tyre segment, though, has been making in-roads in the Bias tyre segment, the cross ply tyres still constitute a large portion of commercial tyres, accounting for over 80% in this segment.

Your Company's leading products i.e., Jet Extra, Jet One and Jet R Miles enjoy high consumer preference and confidence, and contribute to significant volumes in this segment. Keeping in mind the continuing importance of this segment, a Fleet management programme for Truck Bias Fleets as well, has been undertaken.

### **LIGHT (LCV)/ SMALL COMMERCIAL VEHICLE (SCV)**

The LCV/SCV segments have achieved healthy growth and are expected to further grow at 25% and 30% respectively during the current year. In view of this, JK Tyre expanded the capacity of LCV/SCV tyres by 25%.

New product offerings, in Jumbo King series were made. Special consumer connect initiatives were undertaken at a national level to reinforce relationships with trucking community in this segment.

### **PASSENGER CAR RADIALS**

Getting closer to the customer and delivering wide range of high quality products, and Brand Building, have been thrust areas in the PCR segment.

Various customer connect programmes were undertaken across the country. One such tyre care initiative was "Cool Wheels", which was conducted in top 20 cities across the country at major dealer outlets.

Your Company has been expanding the footprint of its unique one stop retail outlets – "JK Tyre STEEL WHEELS" - spread over 80 cities across the country. These outlets have been providing integrated services for tyre care such as, alignment, balancing, automated tyre changing etc., in addition to offering the wide JK Tyre range, under one roof.

With the Car industry introducing large number of models throughout the year, JK Tyre introduced several new products to meet such emerging needs. ULTIMA NXT, a high performance tyre made significant impact in the market. The market is transforming into more and more Tubeless tyres which were pioneered by JK Tyre in India several years ago.

JK Tyre is a leading supplier of Car Radials to most of the car manufacturers in India, including General Motors, Maruti Suzuki, Volkswagen, Nissan, Fiat, Mahindra, Tata Motors etc. The Car radial tyre demand is expected to grow by 12% in the coming year. The recent addition of all Radials plant at Chennai will help the Company to capture this growing demand.

JK Tyre has once again been selected as a 'Super Brand' and continues to be India's first and only Tyre Super Brand. JK Tyre has been recognised as an Indian "Power Brand". During a nationwide survey conducted by Readers Digest, JK Tyre has been voted as a "Trusted Brand".

### **FARM**

JK Tyre has reached out to the Farm community by active participation in a number of Kisan Melas at various locations. Rural Brand Ambassadors designated as 'Sona Singh' have been appointed to promote JK Farm Tyres, which has been well appreciated by the Farming community.

## **OTR (Off the Road Tyres)**

The Company continues to be a leading player in this segment. During the year, it introduced several new Ultra Large OTR tyres for different load segments of Dumpers and Loaders.

JK Tyre participated in the International Mining Exhibition (IME), showcasing amongst others, its largest Ultra Large OTR tyre in the size 40.00-57, which is used by 240 Ton capacity Dumpers. These Ultra Large OTRs generated immense interest among the users.

The Company has introduced a programme on Comprehensive Tyre Management - "TOTAL SOLUTION" which will help in achieving optimum tyre usage with reduced downtime, thereby maximising productivity of OTRs.

### **JK TORNEL**

Tyre business in Mexico has been challenging in last twelve months with economy growing at 3.5% coupled with large imports of tyres particularly from China at low rates. In the current year, markets are showing steady growth and JK Tornel has been able to take benefit of this increased demand. JK Tornel has entered for the first time in the highly competitive and prestigious Passenger Car Radial OE segment for supply of tyres to Chrysler and Nissan after a rigorous OEM approval procedure. JK Tornel has tied up with world renowned retail chains like WALMART, BODEGA and TIRECO, for selling its wide range of Passenger Radial tyres through their outlets in Mexico as well as Americas.

### **JK TREAD**

JK Tyre had entered Truck/Bus Radial retreading segment some time back. During the year, several new low weight tread patterns were introduced which have received resounding acceptance in the market. Encouraged by its success, the capacity for production of the retreading material was doubled during the year. Your Company markets brand "JK Tread" through a network of franchises, which has been further expanded during the year. Thus, JK Tyre provides end-to-end solutions to its customers for retreading, both Bias as well as Radial Truck/Bus tyres, thereby enhancing its brand value.

## **RESEARCH & TECHNOLOGY**

Your Company nurtures a Technology vision from its inception and has been working towards being technologically advanced and be ahead of the pack. This commitment has been the guiding principle to maintain the momentum of continuously investing in R&D and Technology as well as in creating Centres of Excellence for Technology assimilation and development.

JK Tyre works on a model of multi disciplinary collaborative research work of its in-house R&D with premier academic institution & research organizations like HASETRI (a Scientific and Industrial Research Organization - SIRO) in Materials & Rubber Compounds, Predictive Technology, NANO Technology, ECO Drive initiative, Tyre Characteristics, Listing and Validation providing superior products to our valued customers. Various projects have been initiated to tap into latest technology and research trends. These include reduction of curing cycle time, re-engineering of products, standardization of materials and processes. Our continuous efforts are directed towards enhancing product performance and tyre safety.

RPS Centre of Excellence for Tyre and Vehicle Mechanics at IIT Madras, an innovative "Academic Industry Collaboration" initiative, continues to deliver world class Predictive Technology outputs in composite structure analysis. This Centre is a benchmark in Indian Industry for developing future technology.

### **QUALITY SYSTEMS**

Over the years, JK Tyre has been implementing various quality systems to manufacture products of world class quality and deliver proactive after sales service to its valued customers. Besides maintaining the ongoing accreditations of ISO/TS-16949, Quality Management System for Automotive Industry, Environment Management System ISO-14001:2004 and OHSAS-18001:2007 certification; several new initiatives like Total Productive Maintenance (TPM), have been undertaken. During the year, your Company's OTR production facility & JK Treads production facility have been certified for ISO-9001:2008 Quality Management System.

## GREEN INITIATIVES

Conscious of its responsibility towards the environment, JK Tyre has been making continuous efforts to embrace green initiatives in its products and processes.

JK Tyre was the first Indian Company to launch eco-friendly green tyres several years back. All JK Tyre plants are zero water discharge plants. JK Tyre's new all Radials plant at Chennai is optimising use of natural resources and is a zero carbon leakage plant. Massive tree plantation is a continuous programme at and around all its manufacturing locations to maintain ecological balance. Company's all plants have received several environment management and green tech safety awards, the notable being, Golden Peacock Environment Management Award by World Environment Foundation, UK.

## RECOGNITION TO THE AUTOMOTIVE INDUSTRY

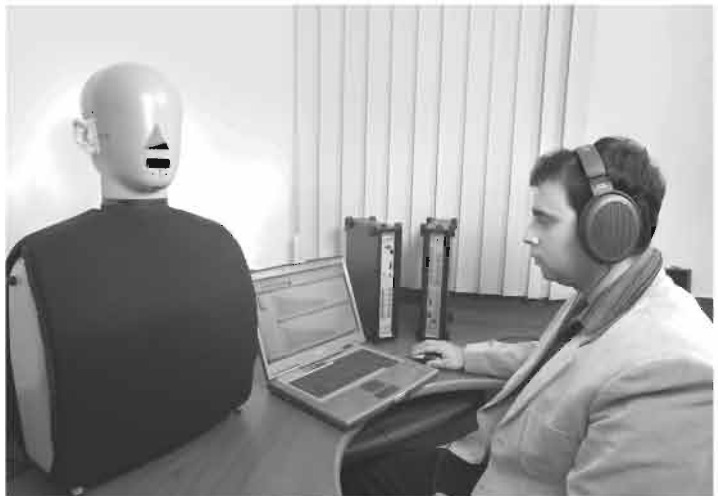
JK Tyre recognized and honored, for the 5th consecutive year, achievers of the Indian automotive industry, both in the Car as well as Motorcycle categories, by presentation of the most prestigious awards of the Indian automotive industry – the Indian Car of the Year (ICOTY) and the Indian Motorcycle of the Year 2012 (IMOTY). These awards are adjudged on various performance parameters and are of international standards and modeled on similar lines as the American Car of the Year, European Car of the Year and Japanese Car of the Year.

## MOTORSPORT

Years back, JK Tyre identified motorsport as a springboard for its brand promotion. These efforts not only paid rich dividends in terms of leveraging the brand equity but also has been means for continuous feedback on the products evaluated by world class champions in most demanding conditions. In the process, JK Tyre has been nurturing Indian talent, through Karting and Racing championships in India and has churned out Indian drivers, such as Narain Karthikeyan, Karun Chandhok and Armaan Ebrahim and many more, who have qualified and participated in the global arena of motor racing including Formula 1, the apex racing event in the world.



Dr. Raghupati Singhania conferred Powerbrands Hall of Fame Corporate Icon of the Year Award



Robot being used for hi-tech product testing at JK Tyre Tech Centre, Faridabad



Robotised tyre handling

This year was indeed important for India, as also for JK Tyre's motorsport activities. India, for the first time, hosted Formula 1 races and JK Tyre took over world renowned 'Formula BMW' and rechristened it as "JK Racing Asia Series", with the participating Cars racing on 'JK Tyres'. With this acquisition, it became the first ever Indian Company to acquire an FIA accredited series.

JK Tyre also uses motorsport to spread social awareness and alongwith the 'Constitution Club of India' has been organizing Car Rally for Parliamentarians for the last two years, to support noble causes such as, Road Safety etc. Number of Members of Parliament and Ministers of Government of India participated in the rallies. The Company also promoted ASEAN Rally, SAARC Rally, Indo- Myanmar Army Rally and Indo-Bhutan Rally.

With such associations, JK Tyre continues to live up to its commitment of putting India on the world map of motorsport.

## GLOBAL PRESENCE

JK Tyre continued to relentlessly grow its exports to over 80 countries across six continents. The total export from India and Mexico rose to ₹ 1,018 Crores which is an increase of 35% over the previous year.

Intensive selling efforts in both existing and new markets in Africa, Americas and South East Asia were made, which resulted in strengthening your Company's brand presence in the global markets.

## HUMAN RESOURCE

In an intensified spiral of global competition, talented and engaged employees provide the competitive advantage. With this belief, the company continues to maintain a sharp focus on all dimensions of human resource management and development.

Nurturing and mentoring of talent, and continuous training and development of high potential manpower, are ongoing activities at JK Tyre. These efforts have been recognized through several awards, the notable being Asia's Best Employer Branding Awards, 2011 for "Talent Management", "Strong Commitment to HR Excellence Award by CII", etc.

Industrial relations across various locations have generally remained cordial, except for go slow resorted to by a section of workmen at Mysore and Banmore for nearly 45 days and 60 days respectively. These were amicably resolved and normalcy restored.

## PERFORMANCE OF THE COMPANY

Particulars	₹ Crores)	
	2011-12	2010-11
Sales & Other Income	6152.09	5270.77
Operating Profit (PBIDT)	282.97	294.32
Interest	170.43	98.08
Profit Before TAX (PBT)	12.80	91.67
Provision for Tax/(Credit)	1.80	30.35
Net Profit	11.00	61.32

During the year, the Company recorded its highest ever sales. However, all round increase in the raw material costs, steep increase in the interest rates and a significant rupee depreciation affected profitability.

## INTERNAL CONTROL SYSTEMS

The Company has been having internal checks and control systems in place right from its inception in order to ensure that the assets and interest of your Company are safeguarded. Adequate and effective checks are in place to also ensure that financial data is accurate and reliable. The Internal Audit Department carried throughout the year extensive internal audits in a well structured format covering all areas of operations and the reports are reviewed by senior management and placed before Audit Committee of the Board of Directors along with actions taken. The Company has been having Audit Committee since mid eighties i.e., much before it was mandated by the Companies Act and the Listing Agreement. The Company has also robust Budgetary Control System and Management Information System (MIS) which are backbone of the Company's review and monitoring system.

## RISKS AND CONCERNS

Demand in the Tyre Industry is dependent upon economic growth and infrastructure development in the country. Any slowdown in these activities will impact Tyre demand.

Natural rubber, being an agricultural commodity is subjected to price volatility and production concerns. Most of the raw materials are crude oil linked and thus affected by movement in crude prices. The competitive markets may impair ability of tyre companies to pass such costs increases to the customers.

Slower radialisation levels in the Truck/Bus tyre segment may result in higher competitive pressures as significant capacity is being added in this segment. At the same time, an accelerated high level of radialisation can result in redundancy of cross ply capacities.

India has emerged as a global hub of automobiles attracting huge investment including from multinational tyre manufacturing companies having deep rooted global distribution and R&D network. As a result, competition in the market is likely to further intensify in the times ahead.

All these factors pose challenge to the financial performance of the tyre industry of which the Company is an important constituent.

**CAUTIONARY STATEMENT**

“Management Discussion and Analysis Report” contains forward looking statements, which may be identified by the use of the 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.



JK Tyre at SEMA Show, U.S.A.



JK Tyre at OTR Fair



JK Tyre Truck Wheels Centre, Nagpur

## CORPORATE SOCIAL RESPONSIBILITY

### JK TYRE - THE CORPORATE CITIZEN

The Company's structured Corporate Social Responsibility Programme has over the years benefited society at large and particularly the communities residing in and around its various locations. The focus has been specially in the areas of health, education, adult literacy, ecology, environment, development of social infrastructure and promote sports.

### HEALTHCARE

Our plants being located in non-urban areas have taken special initiatives to provide health care to citizens in their vicinity. The "Parivartan program" established in association with the Population foundation of India in Kankroll, has till date benefited nearly 1.5 lakh patients through maternal and child health care in 60 surrounding villages. Benefiting from the 400 mobile clinics, child and maternal mortality rates in the project areas have come down far below than that of the national average.

At Banmore, free eye check-up camps were organised, where over 2000 people benefited and 1000 cataract operations were successfully performed. Preventive ocular care has also been extended to a large number of people.



Pushpawati Singhania Research Institute, New Delhi

AIDS continues to be a threat to all regardless of the background of a person. Keeping this in mind JK Tyre focuses on the transport community. In partnership with NGOs 12 clinics are operated which are strategically located on National Highways. In addition we continue to operate 2 Jeevan Kiran clinics through an NGO 'Vatsalya'. During the year under review, over one lakh patients have been treated. Our efforts on AIDS prevention have been appreciated by the International Labour Organisation.

"Pushpawati Singhania Research Institute for Liver, Renal & Digestive Diseases" - a Super Speciality Hospital co-promoted by your Company extends, inter alia, care to the less privileged sections of the society.

### EDUCATION

Literacy and education are fundamental rights for all citizens of India. JK Tyre has made special efforts to be an enabler in providing education to children at the school and college level at various locations.

### Education for children

JK Tyre continues to support Ekal Vidyalayas in 11 different villages where no education facilities are otherwise available. At present total 510 students are studying at these schools.

With an objective of enhancing the talent of SC / ST girls residing in government hostels near Kankroll, one such hostel has been adopted and several infrastructural facilities such as computers, furniture, lighting etc. have been provided to improve the exposure and learning of the inmates.

In a unique programme Children's Career Counselling for employees' children and children of Government Rural Schools is organised with the help of professional counsellors.



## Higher education

JK Tyre actively supports the activities of the LakshmiPat Singhania Education Foundation which has established educational institutions of repute. Taking forward education at higher levels, JK Tyre has also contributed to the recently established prestigious JK LakshmiPat Singhania University at Jaipur.

In order to develop existing ITIs under Public Private Partnership (PPP) and make them as "Centres of Excellence", ITI Nathdwara, and ITI Govt. College, Maddur (near Mysore) have been adopted. The thrust areas for these are skill development with the objective of enhancing the employability of the student.



Minister for Commerce & Industry (M.P.) Shri Kailash Vijayvargiya, Shri Narayana Tomar, MP and Dr Raghupati Singhania distributing teaching aids to underprivileged children

## Continuing education for adults

In addition, JK Tyre continues to promote adult literacy. The Vikrant Tyre plant team has promoted adult literacy in 82 centres where 1800 people have benefited from this programme, of which 1000 were women. The programme has also been conducted for 5000 inmates of Mysore Prison, who have been able to show their skills in a public drama performance.

In Rajasthan, where the literacy rate for women is low, a focussed programme was set in place with the objective of providing basic literacy. Starting from 5 centres, today this project is conducting classes in more than 30 centres and has benefited a very large number of women.

At Banmore, support is extended to 20 Adult Literacy centres and approximately 3000 women have become literate. Employment is provided to widows, divorcees as faculty in ALP Centres and a formal convocation programme is held.



'Mera Sapna' painting contest for children of LCV owners and drivers

## SPORTS

Promoting excellence in sports has always been a thrust area at JK Tyre. The JK Tyre Motor Sports programme has been designed to identify and nurture talent through a well calibrated programme which has enabled its prodigies Karun Chandhok, Armaan Ebrahim, Aditya Patel to participate in prestigious international events including the prestigious F1. Continuing its efforts to



Adult Literacy Programme

## ACCOLADES



### **Corporate & Marketing**

1. Corporate Icon of the year by IIPM Power Brand awarded to Dr. Raghupati Singhania
2. Awarded 'Marketing Hall of Fame Award' by Planmann Media
3. JK Tyre was recognized for its project 'Tyre Management-Total Solution' by International Mining Exhibition
4. JK Tyre awarded by Commercial Tax Department, Government of Rajasthan for 'Highest Tax Payer (VAT/ CST) Award'

### **Environment**

1. Golden Peacock Environment Management Award
2. JK Tyre was conferred 'Vraksha Vardhak Award'
3. Greentech Environment Gold Award

### **Quality**

1. Gold Award from Quality Circle Forum of India (QCFI)
2. Kaizen Gold Award from Chapter Convention of Quality Circle Forum of India (CCQCFI)

### **HR**

1. Asia's Best Employer Branding Award for 'Talent Management'
2. Strong Commitment to HR Excellence Award by CII

### **Export**

1. Gold category Award for 'Best in Export' from Karnataka State Export

take Indian motorsport on the world motorsport map, JK Tyre took over world renowned 'Formula BMW' and rechristened it as "JK Racing Asia Series", with the participating Cars racing on 'JK Tyres'. With this acquisition, it became the first ever Indian Company to acquire an FIA accredited series.

With significant investments over the years, JK Tyre has made Go-Karting and Racing highly affordable to all walks of society. Special efforts are made to support youngsters who are financially less privileged.

JK Tyre continues to support two Karting Tracks at the cantonments of Guwahati and Udhampur (J&K) where Officers, Jawans and their families can enjoy karting.

## ENVIRONMENT

JK Tyre continues to support the green cause and has developed and maintains acres of green belts in the neighbouring areas of its manufacturing locations. About 6 lakh trees have been planted around its plants which follow award-winning environment friendly practices. The Company has also made continuous efforts to reduce use of water and energy. The waste water generated during production is recycled and reused, thus minimising fresh water consumption. Adoption of modern technology combined with process innovation and continuous improvements through KAIZEN have led to significant conservation of natural resources besides reducing emissions.

Our tyre plant at Mysore has been awarded the prestigious GOLDEN PEACOCK AWARD for best implementation of Environment Management System. Amongst all industries in Mysore the plant has won DASARA AWARDS for the Best Lawn/Flower show. Several activities in partnership with Karnataka State Pollution Control Board are also continuing.

Disposal of discarded tyres is an environmental hazard worldwide. To highlight the problem in India discarded tyres were used as prototypes of footwear and accessories. This breakthrough initiative for the Indian tyre industry was showcased as "Soles with Souls". The campaign has been internationally acclaimed.



Temple at JK Tyre Plant, Banmore

## ROAD SAFETY

Road safety is a growing concern of society. JK Tyre continues to undertake awareness programmes in association with Delhi Traffic Police, A SAFE (a SIAM initiative) as well as transport authorities. Special thrust is laid on road safety awareness at schools. Driver Training and tyre care are essential parts of the overall program. The "Drive Safe, Drive Responsibly, Stay in Total Control" Campaign was well received both nationally and internationally.

## COMMUNITY SUPPORT

JK Tyre was proud to be associated with the Rajiv Gandhi Foundation in providing special vehicles for the less-abled. Upliftment of the economically less-privileged is not a one time task. At JK Tyre this journey will go on.

## 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 consists of thirteen Directors as on 31st March 2012, of which five are Executive Directors and eight are Non-Executive Directors(NED), out of which seven are Independent Directors(IND). The Chairman is Non-executive and is a promoter. Four Board Meetings were held during the twelve months period from 1st April 2011 to 31st March 2012 i.e., on 24th May 2011, 29th July 2011, 14th November 2011 and 9th February 2012. 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 **
Shri Hari Shankar Singhania, Chairman	NED	4	Yes	3	-	-
Dr. Raghupati Singhania, Vice Chairman & Managing Director	Executive	4	Yes	7	2	1
Shri Arvind Singh Mewar	IND	3	No	-	-	-
Shri Ashok U. Katra, (IDBI Bank Nominee)*	IND	4	Yes	1	-	-
Shri Ashwani Kumar Puri #	IND	2	N.A.	1	-	1
Shri Bakul Jain	IND	3	Yes	2	1	-
Shri Kalpataru Tripathy	IND	2	Yes	-	-	-
Shri O.P. Khaitan	IND	4	Yes	8	5	3
Shri Vimal Bhandari #	IND	2	N.A.	8	4	3
Shri Bharat Hari Singhania, Managing Director	Executive	4	Yes	4	1	-
Shri Vikrampati Singhania, Dy. Managing Director	Executive	4	Yes	3	1	1
Shri S.C. Sethi, Whole-time Director	Executive	4	Yes	5	5	1
Shri Arun K. Bajoria, President & Director	Executive	4	Yes	-	-	-

\* Lender. Nomination since withdrawn w.e.f. 10th May 2012.

# Shri Vimal Bhandari and Shri Ashwani Kumar Puri were appointed as Additional Directors of the Company w.e.f. 29th July 2011. Shri Ashwani Kumar Puri has since ceased to be a Director of the Company w.e.f. 9th May 2012.

§ 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.

N.A. Not Applicable.

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](http://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 Vice Chairman & Managing Director.

### 3. AUDIT COMMITTEE:

The Company has an Audit Committee of Directors since 1986. The 'Terms of Reference' of the Committee are 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 Committee consists of four Directors, out of which three are Non-executive Independent Directors and one is Executive Director. Four meetings of the Audit Committee were held during the financial year ended 31st March 2012.

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

Date of the Meeting	Number of Members attended
24th May 2011	4
29th July 2011	3
14th November 2011	4
9th February 2012	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	3
Shri Ashok U. Katra	Member	4
Shri S.C. Sethi	Member	4

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

### 4. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

The Company has Shareholders/ Investors Grievance Committee at the Board level which consists of four Directors out of which two are Non-executive Independent Directors and two are Executive Directors. The composition of the Committee is in conformity with Clause 49 of the Listing Agreement. Four meetings of the said Committee were held during the financial year ended 31st March 2012.

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

Date of the Meeting	Number of Members attended
24th May 2011	3
29th July 2011	4
14th November 2011	3
9th February 2012	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 <sup>°</sup>	Chairman	2 <sup>°</sup>
Shri O.P. Khaitan	Member	4
Shri Vikrampati Singhania	Member	4
Shri S.C. Sethi	Member	4

<sup>°</sup> The Board appointed Shri Bakul Jain as a Member and Chairman of the Committee w.e.f. 24th May 2011.

Shri P K Rustagi, Vice President (Legal) & Company Secretary is the Compliance Officer. There were no Investor complaints during the financial year ended 31st March 2012. 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 2012, 19 Meetings of this Committee were held.

### 5. REMUNERATION COMMITTEE (Non-Mandatory)

The Company has a Remuneration Committee comprising of Shri O.P. Khaitan (Chairman of the Committee), Shri Arvind Singh Mewar and Shri Ashok U. Katra, all being Non-executive Independent Directors to consider, determine and recommend remuneration of the Executive Directors to the Board. During the financial year, two meetings of the Committee were held on 24th May 2011 and 9th February 2012.

### 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 2012 to the following Executive Directors is as follows: Dr. Raghupati Singhania, Vice Chairman & Managing Director ₹ 289.27 Lacs; Shri Bharat Hari Singhania, Managing Director ₹ 28.24 Lacs; Shri Vikrampati Singhania, Dy. Managing Director ₹ 128.03 Lacs; Shri S.C. Sethi, Whole-time Director ₹ 103.77 Lacs and Shri Arun K. Bajoria, President & Director ₹ 191.31 Lacs. No Commission was paid for the financial year ended 31st March 2012.

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 Vice 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 ₹ 9.35 Lacs to all Non-executive Directors for attending the meetings of the Board and/or Committees thereof. No other payments were made to such directors.

Non-executive Directors did not have any other pecuniary relationship or transaction vis-à-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 2012 are: Shri Hari Shankar Singhania - 1,49,840 Shares, Shri Arvind Singh Mewar - Nil Shares, Shri Ashok U. Katra- Nil Shares, Shri Ashwani Kumar Puri - Nil Shares, Shri Bakul Jain - 1,200 Shares, Shri O.P. Khaitan - 2,736 Shares, Shri Kalpataru Tripathy - Nil Shares and Shri Vimal Bhandari - Nil Shares. The Company does not have any outstanding convertible Instruments.

## 7. GENERAL BODY MEETINGS:

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

Financial Year	Location	Date	Time
2007-2009	Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata – 700 020	31.08.2009	11.30 A.M.
2009-2010	Same as above	14.08.2010	11.45 A.M.
2010-2011	Same as above	29.07.2011	11.00 A.M.

Two Special Resolutions were passed at the last AGM held in year 2011 and one Special Resolution was passed at the AGM held in year 2010 and three Special Resolutions were passed at the AGM held in year 2009.

No Special Resolution was required to be put through postal ballot during the financial year ended 31st March 2012.

8. (a) 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.

(b) 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.

(c) 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, Phone No: 033-22486181
- (ii) Annual General Meeting (AGM)
- (a) Date, Time & Venue Monday, 30th July 2012 at Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata – 700 020 at 11.00 a.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)

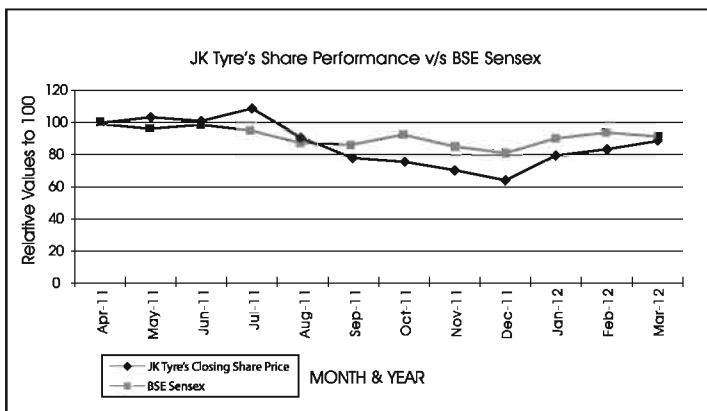
Financial Reporting for the quarter ending :

- 1st Quarter ending June 30, 2012
  - 2nd Quarter ending September 30, 2012
  - 3rd Quarter ending December 31, 2012
  - 4th Quarter ending March 31, 2013
- } Within 45 days of the end of the quarter
- } Within 60 days of the end of the 4th quarter

- Annual General Meeting for the financial year 2012-13 Between July and September, 2013
- (iv) Dividend Payment Date During August 2012
- (v) Date of Book Closure 23rd July to 30th July, 2012
- (vi) Listing on Stock Exchanges The Equity Shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The annual listing fee for the financial year 2012-13 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	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April-2011	108.50	93.40	108.50	93.10
May-2011	98.45	86.00	100.00	86.20
June-2011	104.20	90.65	104.40	90.05
July-2011	112.90	95.80	112.70	95.70
August-2011	103.40	79.30	104.00	79.00
September-2011	88.90	72.10	88.90	72.65
October-2011	77.00	68.00	76.60	67.55
November-2011	78.80	53.50	78.90	61.00
December-2011	71.80	58.30	71.60	58.05
January-2012	76.40	59.30	76.60	59.10
February-2012	88.85	74.00	88.80	75.25
March-2012	89.00	69.55	83.95	69.40

JK Tyre & Industries Ltd's (JK Tyre's) Share Performance v/s BSE Sensex (April 2011 – March 2012)



(ix) Distribution of Shareholding (as on 31.3.2012):

No. of Equity Shares Held	No. of Shares		Shareholders	
	Total	% of Total	Number	% of Total
1-250	1996778	4.86	29187	84.86
251-500	1040290	2.53	2787	8.10
501-1000	964390	2.35	1257	3.65
1001-5000	1959402	4.77	910	2.65
5001-10000	823245	2.01	109	0.32
10001 & above	34275241	83.48	146	0.42
Total	41059346	100.00	34396	100.00

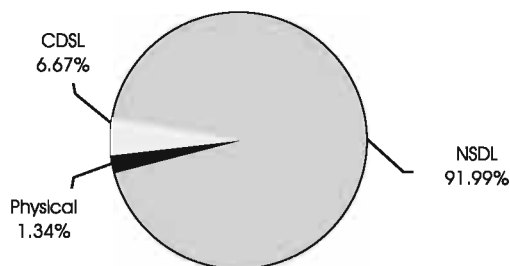
**(x) Share Transfer System**

The transfer/transmission of shares in physical form is normally processed and completed within a period of 15-20 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 2012



As on 31st March 2012, 98.66% 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 NIL

**(xiii) Plant Locations**

- (i) Jaykaygram, Rajasthan
- (ii) Banmore, Madhya Pradesh
- (iii) Mysore Plant I, Karnataka
- (iv) Mysore Plant II, Karnataka
- (v) Mysore Plant III, Karnataka
- (vi) 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@jkm.com  
Website : www.jkyre.com
2. Registrar & Share Transfer Agent  
Alankit Assignments Ltd.  
Alankit House  
2E/21, Jhandewalan Extension,  
New Delhi-110 055 (India)  
Phone No. :91-11-42541234, 91-11-23541234  
Fax No : 91-11-23552001  
Email: rta@alankit.com  
Website: www.alankit.com

(xv) Information in terms of Clause 5A of the Listing Agreement: As on 31st March 2011, the Company had 82,483 Equity Shares, issued in physical form, which remained unclaimed by 1,656 Equity Shareholders. During the year, the Company received 132 requests for despatch of share certificates for 7,649 Equity Shares which have since been despatched.

During the year, the Company has transferred the balance 74,834 Equity Shares to "Unclaimed Suspense Account" after following requisite procedure, which remained unclaimed by 1,524 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 2012.

Dr. Raghupati Singhania

Vice 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 2012, 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

N.K. Lodha  
Partner

Firm Registration No.:301051E  
Membership No.85155

Place: New Delhi  
Dated: 15th May, 2012

# AUDITORS' REPORT

## TO THE MEMBERS OF JK TYRE & INDUSTRIES LIMITED

We have audited the attached Balance Sheet of JK Tyre & Industries Limited, as at 31st March 2012, the Statement of Profit and Loss Account and also the Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (The Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (The Act), and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - (e) As per the information and explanations given to us, none of the directors of the Company is disqualified from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- ii) In the case of Statement of Profit & Loss Account, of the Profit for the year ended on that date; and

- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

Firm Registration No. 301051E  
Membership No. 85155

New Delhi, the 15th May, 2012

## ANNEXURE TO THE AUDITORS' REPORT

### Referred to in paragraph (1) of our Report of even date of JK TYRE & INDUSTRIES LIMITED for the year ended 31st March, 2012

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the Management according to the programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
  - (c) As per the records and information and explanations given to us, fixed assets disposed off during the year were not substantial.
2. (a) The Inventory of the Company (except stock lying with third parties and in transit, for which confirmations have been received / materials received) has been verified by the Management at reasonable intervals.
  - (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. The Company has neither granted nor taken any loan, secured or unsecured to and from companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b) to (d), (f) & (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Based on the audit procedure performed and on the basis of information and explanations provided by the Management, during the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations provided by the Management and based upon audit procedures performed, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section and the transactions made in pursuance of such contracts or arrangements (exceeding the value of five lacs rupees in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.





6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed thereunder with regard to deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
9. (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2012.  
(b) According to the records and information & explanations given to us, there are no dues in respect of Income tax, Wealth tax and Cess that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of, Sales tax, Excise duty, Custom duty and Service tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below:
10. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
12. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society, therefore, the provisions of clause 4 (xiii) of the said Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company does not have any guarantee outstanding for loans taken by others from bank and financial institutions.
16. In our opinion, on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. On the basis of information and explanations given to us and on an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to any parties or companies covered in the Register maintained under section 301 of the Companies Act 1956.
19. On the basis of records made available to us and according to the information and explanations given to us, the Company has created securities for debentures as stated in item no. 1 of Note 4. The Company has no outstanding debentures as at the year end.
20. The company has not raised any money by way of public issue during the year.
21. Based on the audit procedure performed and on the basis of information and explanations provided by the Management, no fraud on or by the Company has been noticed or reported during the course of the audit.

Name of the Statute	Nature of the dues	Amount (₹ in Lacs)	Forum where dispute is pending
Sales Tax Act	Sales Tax	283.53	Deputy Commissioner / Deputy Commissioner (Appeals)
		0.51	Additional Commissioner
		0.69	Tribunal
		0.96	Joint Commissioner
		1.80	High Court
Central Excise Act	Excise Duty	56.53	Commissioner (Appeals)
		99.81	Additional Commissioner
		182.47	CESTAT
		19.68	Supreme Court
Custom Act	Custom Duty	241.15	Supreme Court
Finance Act	Service Tax	28.71	Commissioner (Appeals)
		75.62	Deputy Commissioner
		32.51	CESTAT
The Rajasthan Tax on Entry of Goods into Local Area Act, 1999	Entry Tax	49.00	High Court

Read with note no. 37.

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

Firm Registration No. 301051E  
Membership No. 85155

New Delhi, the 15th May, 2012

# JK TYRE & INDUSTRIES LIMITED

## BALANCE SHEET

AS AT 31st MARCH 2012

₹ in Crores (10 Million)

	Note No.	31.03.2012	31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	41.06	41.06
Reserves and Surplus	3	629.54	673.66
		<u>670.60</u>	<u>714.72</u>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	977.59	414.00
Deferred tax liabilities (Net)	5	147.56	144.86
Other Long-term liabilities	6	344.02	302.23
Long-term provisions	7	9.43	5.65
		<u>1478.60</u>	<u>866.74</u>
<b>Current Liabilities</b>			
Short-term borrowings	8	700.45	818.73
Trade payables		1030.17	738.97
Other current liabilities	9	352.79	281.64
Short-term provisions	10	95.84	98.50
		<u>2179.25</u>	<u>1937.84</u>
<b>TOTAL</b>		<u><b>4328.45</b></u>	<u><b>3519.30</b></u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
- Tangible assets	11	1440.09	1410.85
- Intangible assets	11	3.10	5.46
- Capital work-in-progress		749.20	192.14
Non-current investments	12	100.89	93.56
Long-term loans and advances	13	74.44	118.63
Other non-current assets	14	-	0.17
		<u>2367.72</u>	<u>1820.81</u>
<b>Current Assets</b>			
Inventories	15	661.54	688.60
Trade receivables	16	867.36	708.05
Cash and bank balances	17	78.42	85.11
Short-term loans and advances	18	265.23	210.35
Other current assets	19	88.18	6.38
		<u>1960.73</u>	<u>1698.49</u>
<b>TOTAL</b>		<u><b>4328.45</b></u>	<u><b>3519.30</b></u>

### Significant Accounting Policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

P.K. RUSTAGI  
Secretary

New Delhi, the 15th May, 2012

H.S. SINGHANIA  
Dr. RAGHUPATI SINGHANIA  
BHARAT HARI SINGHANIA  
VIKRAMPATI SINGHANIA  
SWAROOP CHAND SETHI  
ARUN KUMAR BAJORIA  
OM PRAKASH KHAITAN  
ARVIND SINGH MEWAR  
BAKUL JAIN  
VIMAL BHANDARI  
KALPATARU TRIPATHY

Chairman  
Vice Chairman & Managing Director  
Managing Director  
Directors



# JK TYRE & INDUSTRIES LIMITED

## PROFIT & LOSS STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2012

₹ in Crores (10 Million)

	Note No.	2011-2012	2010-2011
Revenue from operations	20	<b>6148.59</b>	5266.78
Less : Excise Duty		<b>504.88</b>	436.65
Net Revenue from operations		<b>5643.71</b>	4830.13
Other income	21	<b>3.50</b>	3.99
<b>Total Revenue [ I ]</b>		<b>5647.21</b>	4834.12
<b>Expenses</b>			
Cost of materials consumed	22	<b>4108.59</b>	3650.14
Purchases of Stock-in-Trade	23	<b>60.99</b>	36.59
(Increase) / decrease in inventories of finished goods, work-in-progress and Stock-in-trade	24	<b>84.95</b>	(165.92)
Employee benefits expense	25	<b>294.80</b>	271.16
Other expenses	26	<b>814.91</b>	747.83
<b>Total [ II ]</b>		<b>5364.24</b>	4539.80
<b>Profit before Interest, Depreciation &amp; Tax (PBITD) [ I - II ]</b>		<b>282.97</b>	294.32
Finance costs	27	<b>170.43</b>	98.08
Depreciation and amortisation expense	28	<b>101.41</b>	91.10
<b>Profit before exceptional items and tax</b>		<b>11.13</b>	105.14
Exceptional Items	43	<b>1.67</b>	(13.47)
<b>Profit before tax</b>		<b>12.80</b>	91.67
Tax Expenses:			
- Current Tax		<b>1.73</b>	24.59
- Mat Credit Entitlement		<b>(2.63)</b>	-
- Deferred Tax		<b>2.70</b>	5.76
<b>Profit after tax</b>		<b>11.00</b>	61.32
Basic and Diluted Earnings per equity share (₹):	44		
- Cash		<b>28.04</b>	38.52
- After Tax		<b>2.68</b>	14.93

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

P.K. RUSTAGI  
Secretary

H.S. SINGHANIA

Dr. RAGHUPATI SINGHANIA  
BHARAT HARI SINGHANIA

VIKRAMPATI SINGHANIA  
SWAROOP CHAND SETHI  
ARUN KUMAR BAJORIA  
OM PRAKASH KHAITAN  
ARVIND SINGH MEWAR  
BAKUL JAIN  
VIMAL BHANDARI  
KALPATARU TRIPATHY

Chairman  
Vice Chairman & Managing Director  
Managing Director

Directors

New Delhi, the 15th May, 2012

## Notes to financial statements

### NOTE – 1

#### SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The financial statements have been prepared under historical cost convention (except for certain fixed assets which were revalued) on accrual basis in compliance with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.
- 1.2 Fixed assets are stated at cost adjusted by revaluation of certain assets.
- 1.3 Expenditure during construction / erection period is included under capital work-in-progress and is allocated to the respective fixed assets on completion of construction / erection.
- 1.4
  - a) Depreciation on fixed assets has been provided using Straight Line Method at rates and manner prescribed under Schedule XIV of the Companies Act, 1956. Continuous process Plants as defined in Schedule XIV have been considered on technical evaluation.
  - b) Leasehold Land is being amortised over the lease period.
  - c) Depreciation on the increased amount of assets due to revaluation is computed on the basis of residual life of the assets as estimated by the valuer on straight line method.
- 1.5 Lease which does not transfer substantially all the risks and rewards of ownership is classified as Operating Lease and is recognized as expense as and when incurred over the lease-term.
- 1.6 Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the Balance Sheet date are translated at exchange rate prevailing at the year end. Premium in respect of forward contracts is recognised over the life of contract. Exchange differences arising on actual payments / realizations and year end translations including on forward contracts are dealt with in Profit and Loss Account except exchange differences arising on Long term foreign currency monetary items, related to acquisition of depreciable capital assets, which are adjusted to cost of such assets pursuant to the option in Notification No.G.S.R 914(E) Dated: 29th December, 2011 issued by Ministry of Corporate Affairs. Non Monetary Foreign Currency items are stated at cost.
- 1.7 Long Term Investments are stated at cost. Provision for diminution in the value of long term Investments is made only if, such a decline is other than temporary. The Current Investments are stated at lower of cost or quoted / fair value computed category-wise.
- 1.8 Inventories are valued at lower of cost and net realisable value. The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- 1.9 Revenue Expenditure on Research and Development is charged to Profit & Loss Account and Capital Expenditure is added to Fixed Assets.
- 1.10 Borrowing Cost is charged to Profit & Loss Account except cost of borrowings for acquisition of qualifying assets which is capitalised till the date of commercial use of the asset.
- 1.11 The carrying amount of Assets are reviewed at each Balance Sheet date to assess impairment, if any based on internal / external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount.
- 1.12 Employee Benefits:
  - a) Defined-contribution plans  
Contributions to the Employees' Regional Provident Fund, Superannuation Fund, Employees Pension Scheme and Employees' State Insurance are recognised as defined contribution plan and charged as expenses during the period in which the employees perform the services.
  - b) Defined-benefit plans  
Retirement benefits in the form of gratuity and Leave Encashment are considered as defined benefit plan and determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognised immediately in the Profit & Loss Account.  
The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, is made to trust administered by the trustees. The interest rate to the members of the trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. The Employer shall make good deficiency, if any.
  - c) Short term employee benefits:  
Short term benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- 1.13 Export incentives and other benefits are recognised in the Profit & Loss Account. Project subsidy is credited to Capital Reserve.
- 1.14 Current Tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act, 1961. Deferred Tax is recognised for timing differences. However, Deferred Tax Asset is recognised on the basis of reasonable / virtual certainty that sufficient future taxable income will be available against which the same can be realised.
- 1.15 Intangible Assets are being recognised if the future economic benefits attributable to the assets are expected to flow to the company and cost of the asset can be measured reliably. The same are being amortised over the expected duration of benefits.



**Note - 2**

**SHARE CAPITAL**

**Authorised :**

Equity Shares - 12,50,00,000 of ₹ 10 each  
 14% Cumulative Redeemable Preference Shares -  
 7,00,000 of ₹ 100 each  
 Preference Shares - 48,00,000 of ₹ 100 each

**Issued, Subscribed and Paid up :**

Equity Shares (with equal rights)- 4,10,59,346 of ₹ 10 each fully paid up  
 (Previous Year: 4,10,59,346 Equity Shares of ₹ 10 each)

₹ in Crores (10 Million)  
 As at  
**31.03.2012** As at  
 31.03.2011

**125.00** 125.00  
**7.00** 7.00  
**48.00** 48.00  
**180.00** 180.00

**41.06** 41.06  
**41.06** 41.06

**Details of each shareholder holding more than 5% shares:**

**Name of Shareholder**

Bengal & Assam Company Limited  
 Fenner India Limited  
 JK Agri Genetics Limited  
 Edgefield Securities Limited

**No. of** No. of  
**Shares held** Shares held  
**As at** As at  
**31.03.2012** 31.03.2011  
**85,89,250** 84,34,250  
**36,00,000** 36,00,000  
**60,34,070** 60,34,070  
**34,87,500** 34,87,500

**Reconciliation of the number of shares outstanding:**

Shares outstanding as at the beginning of the year  
 Addition during the year  
 Deletion during the year  
 Shares outstanding as at the end of the year

**As at** As at  
**31.03.2012** 31.03.2011  
**4,10,59,346** 4,10,59,346  
 - -  
 - -  
**4,10,59,346** 4,10,59,346

**Note - 3**

**RESERVES AND SURPLUS**

Capital Redemption Reserve 7.00  
 Securities Premium Reserve 218.09  
 Debenture Redemption Reserve 0.71  
 Revaluation Reserve 83.78  
 General Reserve 315.34  
 Surplus in Profit and Loss Statement (c) 48.74

31.03.2011

**Additions**

₹ in Crores (10 Million)  
**Transfers** **31.03.2012**

Previous Year

673.66  
 652.36

10.00  
 80.38

7.00  
**0.39 (a)** **217.70**  
**0.71** -  
**42.80 (b)** **40.98**  
 - **325.34**  
**10.22** **38.52**  
**54.12** **629.54**  
 59.08 673.66

(a) Provision for premium on redemption of Zero Coupon Non-Convertible Debentures.

(b) ₹ 23.37 crs. towards depreciation arising out of revaluation transferred to Profit & Loss Statement and ₹ 19.43 crs. adjusted for Fixed Assets sold / transferred.

(c) Detail of Surplus in Profit and Loss Statement:

Surplus in Profit and Loss Statement from Previous Year  
 Profit for the year  
 Debenture Redemption Reserve no longer required  
 Transfer to Debenture Redemption Reserve  
 Transfer to General Reserve  
 Proposed Dividend (@ ₹ 2.50 per equity share)  
 Corporate Dividend Tax  
 Surplus in Profit and Loss Statement carried to Balance sheet

**As at** As at  
**31.03.2012** 31.03.2011  
**48.74** 78.27  
**11.00** 61.32  
**0.71** 3.85  
 - (0.38)  
**(10.00)** (80.00)  
**(10.26)** (12.32)  
**(1.67)** (2.00)  
**38.52** 48.74

Note - 4	₹ in Crores (10 Million)			
	Non Current		Current*	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>LONG-TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Zero Coupon Non-Convertible Debentures	-	-	-	2.82
Term Loans:				
- Financial Institutions	<b>94.29</b>	-	-	-
- Banks	<b>650.87</b>	192.28	<b>35.75</b>	38.49
- Others	<b>57.29</b>	65.52	<b>8.22</b>	8.22
Deferred Sales Tax	<b>5.52</b>	17.73	<b>12.21</b>	16.38
	<b>807.97</b>	275.53	<b>56.18</b>	65.91
<b>UNSECURED LOANS</b>				
Deferred Sales Tax	<b>97.21</b>	104.63	<b>24.30</b>	-
Fixed Deposits	<b>22.41</b>	33.84	<b>20.25</b>	16.35
Loan from Bank	<b>50.00</b>	-	-	-
	<b>169.62</b>	138.47	<b>44.55</b>	16.35
	<b>977.59</b>	414.00	<b>100.73</b>	82.26
Less: Amount Disclosed under the head "Other Current Liabilities" (Note No. 9)	-	-	<b>(100.73)</b>	(82.26)
	<b>977.59</b>	414.00	-	-

\* Payable during next 12 months.

**Notes:**

- (a) 27353 Zero Coupon Non-Convertible Debentures (ZCNCDs) of ₹ 10,000 each issued to a Bank, outstanding as on 31.03.2012 - Nil, were secured by first pari passu charge created on the specified property of Gujarat and movable and immovable properties of Company's Plants in Karnataka, both present and future. These debentures were redeemable at premium based on a YTM of 13.75% p.a upto 30.06.2005 and a YTM of 9% p.a. w.e.f. 01.07.2005 with quarterly rests in five instalments at the end of 3 to 7 years from the respective dates of payment of allotment money / call money.
- (b) 9057 Zero Coupon Non-Convertible Debentures (ZCNCDs) of ₹ 10,000 each issued to Financial Institutions, outstanding as on 31.03.2012 - Nil, were secured by first pari passu charge created on the specified property of Gujarat and movable and immovable properties of Company's Plants in Karnataka, both present and future. 2656 ZCNCDs were redeemable at premium based on a YTM of 13.75% p.a. and 6401 ZCNCDs were redeemable at premium based on a YTM of 13.75% p.a. reduced to a YTM of 9% p.a. w.e.f. various dates during January, 2006 to March, 2006 with quarterly rests in five instalments at the end of 3 to 7 years from the respective dates of payment of allotment money / call money.
- Term Loan of ₹ 40 crs. from a Bank, secured by a first pari passu charge created on movable and immovable properties of Company's Plant in Madhya Pradesh, both present and future is repayable in 28 equal quarterly instalments commencing from 01.08.2012.
- Term Loans from Banks outstanding as at 31.03.2012 - Nil, were secured by a first pari passu charge created on movable and immovable properties of the Company's Plants in Rajasthan, Madhya Pradesh and Karnataka, both present and future.
- Term Loans aggregating ₹ 146.99 crs. from Banks are secured by a first pari passu charge created on movable and immovable properties at a Company's Plant in Karnataka, both present and future and also secured by way of hypothecation created / to be created on the specified movable assets at Company's Plants in Rajasthan, Madhya Pradesh and Karnataka. Term Loan from one bank amounting to ₹ 76.99 crs. is repayable in 24 equal quarterly instalments and from another bank ₹ 70 crs. is repayable in 21 equal quarterly instalments.
- Term Loans aggregating ₹ 60 crs. from Banks, secured by a first pari passu charge created / to be created on movable and immovable properties at a Company's Plant in Karnataka, both present and future are repayable in 36 equal quarterly instalments commencing from 01.04.2014.
- Term Loans aggregating ₹ 434.33 crs. from Banks and Foreign Currency Loan from a Financial Institution amounting to ₹ 94.29 crs. (including ₹ 4.29 crs. for foreign exchange fluctuation), secured by a first pari passu charge created on movable and immovable properties at a Company's Plant in Tamilnadu, both present and future are repayable in 36 equal quarterly instalments commencing from 01.04.2014.



7. Term Loan of ₹ 5.25 crs. from a Bank, secured by an exclusive charge by way of hypothecation of specified assets at Company's Plants in Rajasthan, Madhya Pradesh and Karnataka is repayable in 3 equal quarterly instalments.
8. Term Loan of ₹ 0.05 cr. from a Bank and ₹ 0.13 cr. from a body corporate, secured by hypothecation of specified vehicles are repayable in 8 and 30 equated monthly instalments respectively.
9. Term Loan of ₹ 65.38 crs. from a body corporate to be secured by way of hypothecation on the specified assets at a Company's Plant in Karnataka is repayable in 32 equal quarterly instalments.
10. Term Loans carrying first pari passu charge on the movable and immovable properties, are subject to prior charge of banks on stocks and book debts for working capital borrowings.
11. (a) Deferred Sales Tax aggregating ₹ 17.73 crs. from Madhya Pradesh State Industrial Development Corporation Limited, secured by first available charge on movable and immovable properties (created subject to charges referred to in note 2, 3, 4 & 7 on movable and immovable properties of Company's Plant in Madhya Pradesh) is repayable as ₹ 12.21 crs. in April 2012 and ₹ 5.52 crs. in April 2013.  
(b) Deferred Sales Tax Loan aggregating ₹ Nil from Government of Karnataka subordinated to loans from Financial Institutions, is secured by a second charge on immovable properties of the Company's Plant in Karnataka.
12. Unsecured Deferred Sales Tax ₹ 121.51 crs. is repayable in 5 equal annual instalments commencing from January 2013.
13. Fixed Deposits of ₹ 20.25 crs., ₹ 14.86 crs. and ₹ 7.55 crs. (aggregating ₹ 42.66 crs.) are due for repayment in 2012-2013, 2013-2014 and 2014-2015 respectively.
14. Unsecured loan from a bank amounting to ₹ 50 crs. is repayable during January 2014.

#### Note - 5

##### DEFERRED TAX LIABILITIES (NET)

Pursuant to the accounting standard on 'Accounting for Taxes on Income' (AS-22), deferred tax liability / (asset) are as under:

	As at 31.03.2012	₹ in Crores (10 Million)	
		As at 31.03.2011	
1. Deferred Tax Liability related to Fixed Assets	190.19	156.25	
2. Deferred Tax Assets			
(i) Expenses / Provision Allowable	11.97	11.39	
(ii) Unabsorbed depreciation	30.66	-	11.39
3. Deferred Tax Liability / (Asset) - Net	<u>147.56</u>	<u>144.86</u>	

#### Note - 6

##### OTHER LONG-TERM LIABILITIES

Trade Deposits & Others

	₹ in Crores (10 Million)	
	As at 31.03.2012	As at 31.03.2011
	344.02	302.23
	<u>344.02</u>	<u>302.23</u>

#### Note - 7

##### LONG-TERM PROVISIONS

Provision for Employee Benefits

9.43	5.65
<u>9.43</u>	<u>5.65</u>

#### Note - 8

##### SHORT-TERM BORROWINGS

###### SECURED LOANS

Repayable on demand from Banks \*

588.72	417.24
<u>588.72</u>	<u>417.24</u>

###### UNSECURED LOANS

Fixed Deposits

5.43      12.55

Short Term Loans from Banks

106.30      388.94

111.73      401.49

700.45      818.73

\* Represents Working Capital borrowings secured by hypothecation of stocks and book debts etc. of the Company, both present and future and second charge created / to be created on movable and immovable properties of the Company's Plants in Rajasthan, Madhya Pradesh, Karnataka and Tamilnadu.

**Note - 9****OTHER CURRENT LIABILITIES**

	₹ in Crores (10 Million)	
	As at 31.03.2012	As at 31.03.2011
Current maturities of long-term borrowings	100.73	82.26
Interest accrued but not due on borrowings	10.05	4.30
Unclaimed dividends #	0.58	0.50
Unclaimed / Uncollected Fixed Deposits and interest accrued thereon #	1.85	1.64
Others:		
- Government and Other Statutory Dues	88.69	78.58
- Other Payables	150.89	114.36
	<u>352.79</u>	<u>281.64</u>

# Investor Education & Protection Fund will be credited as and when due.

**Note - 10****SHORT-TERM PROVISIONS**

Provision for Employee Benefits	2.18	4.18
Others:		
- Provision for Taxation	81.73	80.00
- Proposed Dividend	10.26	12.32
- Provision for Corporate Dividend Tax	1.67	2.00
	<u>95.84</u>	<u>98.50</u>

**Note - 11****FIXED ASSETS**

₹ in Crores (10 Million)

Particulars	Gross Value				Depreciation/Amortisation				Net Value	
	As at 31.03.2011	Additions/ Adjustments ^	Sales/ Adjustments	As at 31.03.2012	Upto 31.3.2011	For the Year	Sales/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>(i) Tangible Assets</b>										
Land - Freehold	12.60	-	-	12.60	-	-	-	-	12.60	12.60
- Leasehold	10.67	-	0.01	10.66	0.99	0.11	-	1.10	9.56	9.68
Buildings *	299.45	22.07	-	321.52	65.50	8.17	-	73.67	247.85	233.95
Plant & Equipments	2346.53	151.93	125.79	2372.67	1229.16	110.22	102.80	1236.58	1136.09	1117.37
Furniture and Fixtures	16.34	1.42	3.02	14.74	9.24	0.69	2.16	7.77	6.97	7.10
Office Equipments	11.58	0.60	0.30	11.88	4.42	0.53	0.19	4.76	7.12	7.16
Vehicles	28.38	5.58	7.86	26.10	5.39	2.70	1.89	6.20	19.90	22.99
	<u>2725.55</u>	<u>181.60</u>	<u>136.98</u>	<u>2770.17</u>	<u>1314.70</u>	<u>122.42</u>	<u>107.04</u>	<u>1330.08</u>	<u>1440.09</u>	<u>1410.85</u>
Previous Year	2550.12	180.62	5.19	2725.55	1205.16	112.19	2.65	1314.70	1410.85	
<b>(ii) Intangible Assets</b>										
Software #	11.78	-	-	11.78	6.32	2.36	-	8.68	3.10	5.46
	<u>11.78</u>	<u>-</u>	<u>-</u>	<u>11.78</u>	<u>6.32</u>	<u>2.36</u>	<u>-</u>	<u>8.68</u>	<u>3.10</u>	<u>5.46</u>
Previous Year	11.78	-	-	11.78	3.97	2.35	-	6.32	5.46	

\* Buildings include ₹ 2.05 crs. constructed on lease land, 274 shares held in co-operative housing societies and property worth ₹ 0.46 cr. yet to be registered in Company's name.

# Being amortised over a period of 5 years.

^ Includes capitalisation of finance cost - Buildings ₹ 0.96 cr. and Plant & Machinery ₹ 5.19 crs.

Factory & Service buildings and Plant and Equipments of Company's Plant at Jaykaygram were revalued as at 1st January 1985 & 1st April 1991. On 1st April 1997 the revaluation of such assets was updated along with similar assets of Banmore plant. The revaluation of said assets of Jaykaygram and Banmore was further updated alongwith Factory Land and Township building as at 1st April 2002 based on replacement cost by a Valuer. The Gross Value includes cumulative surplus of ₹ 567.43 crs. as at 31.03.2012 (Previous year: ₹ 667.23 crs.) arising on revaluation.





**Note - 12**

**NON-CURRENT INVESTMENTS (Long-term)**

(Other Than Trade)

**Investment in Equity Shares:**

**Subsidiary Companies:**

	As at 31.03.2012		As at 31.03.2011	
	Numbers	₹ in Crores (10 Million)	Numbers	₹ in Crores (10 Million)
Lankros Holdings Limited (Euro 1 Each) *	40,02,000	26.31	40,02,000	26.31
Sarvi Holdings Switzerland AG (CHF 1000 each) *	100	0.40	100	0.40
JK Tornel S.A. de C.V. (Mexican Pesos 1000 each) *	25	0.01	25	0.01
J.K.International Ltd.(£1 each)	1,35,000	0.61	1,35,000	0.61
J.K.Asia Pacific Ltd. (HK\$ 1 each)	19,99,999	0.71	19,99,999	0.71

**Associate Company:**

Hari Shankar Singhania Elastomer & Tyre Research Institute (₹ 100 each) (₹ 2400; As at 31.03.2011 : ₹ 2400)	24		24	
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**Others:**

HDFC Bank Ltd. (₹ 2 each) (₹ 10000; As at 31.03.2011 : ₹ 10000) ^	5,000		1,000	
Bengal & Assam Company Ltd. (₹ 10 each)	11,641	0.05	11,641	0.05
JK Sugar Ltd. (₹ 10 each)	1,673,000	2.68	-	-
V. S. Lignite Power Pvt. Ltd. (₹ 10 each) #	5,77,778	0.58	5,77,778	0.58
Dwarkesh Energy Ltd. (₹ 10 each)	3,50,000	0.35	-	-
J.K.I. Employees Co-operative Credit Society Ltd. (₹ 1000 each) (₹ 5000; As at 31.03.2011 : ₹ 5000)	5		5	
Larsen & Toubro Ltd. (₹ 2 each) **	2,800	0.37	2,800	0.46
Reliance Industries Ltd. (₹ 10 each) **	4,360	0.33	4,360	0.46

**Investment in Preference Shares:**

V. S. Lignite Power Pvt. Ltd. (₹ 10 each) (0.01% Cumulative Redeemable) #	11,14,222	1.11	11,14,222	1.11
J.K.Sugar Ltd. (8% Cumulative Redeemable preference shares) (₹ 90 each) (CRPS Series - A)	15,00,000	13.50	-	-
J.K.Sugar Ltd. (8% Cumulative Redeemable preference shares) (₹ 90 each) (CRPS Series - B)	1,85,338	1.67	-	-
J.K.Sugar Ltd. (Zero coupon preference shares) (₹ 100 each)	-	-	15,00,000	13.50
J.K.Sugar Ltd. (Zero coupon Fully Convertible Redeemable preference shares) (₹ 10 each)	28,50,134	2.85	-	-

**Investment in Bonds:**

J.K.Aagri Genetics Ltd. (₹ 4250 each) (Zero coupon secured non-convertible bonds)	1,00,000	42.50	1,00,000	42.50
7.65% HDFC Bonds (₹ 10 lacs each)	14	1.35	14	1.35
8.00% Himachal Pradesh Infrastructure Development Board (₹ 10 lacs each)	10	1.00	10	1.00
10.35% HDFC Bonds (₹ 10 lacs each)	9	0.94	9	0.94
8.96% HDFC Bonds (₹ 10 lacs each)	33	3.32	33	3.32

**Investment in Mutual Fund:**

LIC Mutual Fund Growth Fund (₹ 10 each)	2,50,000	0.25	2,50,000	0.25
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**Investment in Government or Trust Securities:**

Government Securities (Deposited with Government Department)				
National Savings Certificates (₹ 25000; As at 31.03.2011 : ₹ 25000)				
		<b>100.89</b>		<b>93.56</b>

Aggregate amount of quoted Investments		<b>3.43</b>		0.97
Market Value of quoted Investments		<b>3.59</b>		1.44
Aggregate amount of unquoted Investments		<b>97.46</b>		92.59
Aggregate provision for diminution in value of Investments		<b>0.32</b>		0.09

# Under lien with Issuer.

\* Pledged with bank for loans availed by certain foreign subsidiaries.

\*\* Net of provision for diminution.

^ Sub-division of one equity share of face value of ₹ 10 each into five equity shares of face value of ₹ 2 each.

**Note - 13****LONG-TERM LOANS & ADVANCES** (Unsecured - Considered Good)

Advances - Project related

Security Deposits with Govt. Authorities and Others

	<b>₹ in Crores (10 Million)</b>	
	<b>As at</b>	<b>As at</b>
	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>46.19</b>	95.74
	<b>28.25</b>	22.89
	<b><u>74.44</u></b>	<u>118.63</u>

**Note - 14****OTHER NON-CURRENT ASSETS**

Bank Balances on Deposit Accounts \*

	-	0.17
	<u>-</u>	<u>0.17</u>

\* Pledged with banks as margin money against bank guarantees. Maturity more than 12 months.

**Note - 15****INVENTORIES**

Raw Materials \*

Work-in-Progress

Finished Goods \*\*

Stock-in-trade

Stores and Spares

	<b>341.08</b>	296.01
	<b>52.40</b>	41.28
	<b>231.14</b>	320.19
	<b>4.04</b>	5.83
	<b>32.88</b>	25.29
	<b><u>661.54</u></b>	<u>688.60</u>

\* Includes raw materials in transit ₹ 45.20 crs. (Previous Year - ₹ 36.36 crs.)

\*\* Includes finished goods in transit ₹ 2.62 crs. (Previous Year - ₹ 0.94 cr.)

**Note - 16****TRADE RECEIVABLES** (Unsecured)

(a) Outstanding for a period exceeding six months from the date they are due for payment

Considered Good

Doubtful

Less : Allowance for Bad and Doubtful debts

(b) Others (Considered Good)

	<b>12.13</b>	10.21
	<b>3.38</b>	3.23
	<b>(3.38)</b>	(3.23)
	<b>855.23</b>	697.84
	<b><u>867.36</u></b>	<u>708.05</u>



₹ in Crores (10 Million)  
As at  
31.03.2012      As at  
31.03.2011

**Note - 17**

**CASH & BANK BALANCES**

(a) *Cash and Cash Equivalents*

Balances with Banks :

On Current Accounts

**8.88**      6.12

On Deposit Accounts

**0.19**      -

On Dividend Accounts

**0.58**      0.50

Remittances in transit and Cheques on hand

**68.71**      78.43

Cash on hand

**0.06**      0.06

(b) *Other Bank Balances*

On Deposit Accounts

-      0.17

**78.42**      85.28

Less : Amount disclosed under Other Non-current Assets - Note No. 14

-      (0.17)

**78.42**      85.11

**Note - 18**

**SHORT-TERM LOANS & ADVANCES** (Considered Good)

Secured Loan

-      0.62

Unsecured:

Loans

-      6.30

Loans & advances to related parties

**7.22**      10.28

Balance with Excise and Sales tax Authorities

**125.58**      58.69

Export Benefit Receivable

**6.58**      11.81

Prepaid Expenses

**7.50**      7.54

MAT Credit Entitlements

**11.37**      8.74

Income Tax Advance Payments

**82.35**      78.43

Other Advances

**24.63** \*      27.94

**265.23**      210.35

\* Other Advances include Share Application Money of ₹ 3 crs. paid to Dwarakesh Energy Ltd. (a Power Project SPV) for subscribing to the Optionally Convertible Cumulative Redeemable Preference Shares (Face value ₹ 100 each) of ₹ 10 crs.

**Note - 19**

**OTHER CURRENT ASSETS**

Receivables against Sale of Fixed Assets

**87.74**      -

Interest Accrued on Investments

**0.44**      0.44

Unbilled Revenue

-      5.94

**88.18**      6.38

	₹ in Crores (10 Million)	
	2011-2012	2010-2011
<b>Note - 20</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Products		
Tyres	5577.93	4766.08
Tubes & Others	548.57	480.41
Sale of Services		
Royalty	4.52	3.73
Other operating revenues:		
Miscellaneous Income	17.57	16.37
Provision of earlier years, no longer required	-	0.19
	<u>6148.59</u>	<u>5266.78</u>
<b>Note - 21</b>		
<b>OTHER INCOME</b>		
Income from Long-term Investments		
- Dividends	0.01	0.01
- Interest	0.58	0.55
Other Interest Income	2.91	3.43
	<u>3.50</u>	<u>3.99</u>
<b>Note - 22</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Rubber	2691.26	2375.94
Reinforcement Material	574.88	517.87
Carbon Black	398.33	327.35
Chemicals & Others	444.12	428.98
	<u>4108.59</u>	<u>3650.14</u>
Indigenous	2743.40	2605.07
% of Total	66.77	71.37
Imported	1365.19	1045.07
% of Total	33.23	28.63
Raw materials consumed has been determined after adjusting ₹ 6.58 crs. (Previous year: ₹ 11.81 crs.) accounted for on accrual basis in respect of import entitlements against exports made under Duty Exemption Scheme.		
<b>Note - 23</b>		
<b>PURCHASES OF STOCK-IN-TRADE</b>		
Tyres	0.27	1.07
Tubes	14.61	-
Flaps	46.11	35.52
	<u>60.99</u>	<u>36.59</u>
<b>Note - 24</b>		
<b>(INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	320.19	161.13
Work-in-Progress	41.28	23.56
Stock-in-Trade	5.83	3.95
	<u>367.30</u>	<u>188.64</u>
<b>Closing Stock</b>		
Finished Goods	228.49*	320.19
Work-in-Progress	47.45*	41.28
Stock-in-Trade	4.04	5.83
	<u>279.98</u>	<u>367.30</u>
Differential Excise Duty on Increase / Decrease of Finished Goods (Increase) / Decrease in Stocks (A-B-C)	(A) <u>2.37</u>	<u>(12.74)</u>
	<u>84.95</u>	<u>(165.92)</u>

\* Exclude Trial period stocks - Finished Goods ₹ 2.65 crs. and Work-in-Progress ₹ 4.95 crs.



**Note - 25**

**EMPLOYEE BENEFIT EXPENSES**

Salaries and Wages  
 Contribution to Provident and other Funds  
 Employees' Welfare and other Benefits

₹ in Crores (10 Million)	
2011-2012	2010-2011
204.76	186.37
29.31	28.58
60.73	56.21
<u>294.80</u>	<u>271.16</u>

**Note - 26**

**OTHER EXPENSES**

Conversion Charges  
 Consumption of Stores and spares \*\*  
 Power and Fuel  
 Rent  
 Repairs to Buildings  
 Repairs to Machinery  
 Insurance  
 Rates & Taxes  
 Discount  
 Freight and Transportation  
 Advertisement and sales promotion  
 Royalty  
 Commission  
 Loss / (Profit) on sale of Assets (Net)  
 Provision for Diminution in value of long-term investments (2010-11: ₹ 41746)  
 Bad Debts written off  
 Provision for Doubtful Debts / Advances  
 Bank Charges, Printing & Stationery, Postage, Telephone, Travelling,  
 Directors' Fee and other Miscellaneous Expenses

47.49	67.42
43.06	41.93
224.32	184.18
15.24	7.34
3.11	3.99
12.04	11.80
2.68	2.70
10.89	8.97
172.04	160.58
129.68	111.73
48.69	41.28
-	7.11
27.06	23.13
-	0.04
0.23	
0.43	-
0.60	0.50
77.35	75.13
<u>814.91</u>	<u>747.83</u>

\*\* Break up of consumption of Stores & Spares

Indigenous	40.43	39.70
% of Total	93.89	94.68
Imported	2.63	2.23
% of Total	6.11	5.32

**Note - 27**

**FINANCE COSTS**

Interest Expenses  
 Other Borrowing Costs

168.72	96.34
1.71	1.74
<u>170.43</u>	<u>98.08</u>

**Note - 28**

**DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation and Amortisation  
 Less : Transfer from Revaluation Reserve

124.78	114.54
(23.37)	(23.44)
<u>101.41</u>	<u>91.10</u>

29. Estimated amount of contracts remaining to be executed on capital account ₹ 145.19 crs. (Previous year: ₹ 415.59 crs.).
30. Contingent liabilities in respect of claims not accepted and not provided for ₹ 41.75 crs. (Previous year: ₹ 37.64 crs.) pertaining to Excise duty matters in appeal ₹. 4.47 crs., Service tax matters ₹ 0.04 cr., Sales Tax matters in appeal ₹ 5.59 crs., Income tax matters in appeal ₹ 10.54 crs. & other matters ₹ 21.11 crs. (Previous year: ₹ 4.45 crs., ₹ 1.49 crs., ₹ 3.40 crs., ₹ 6.76 crs. & ₹ 21.54 crs. respectively).
31. Bills discounted with Banks outstanding ₹ 12.53 crs. (Previous year: ₹ 13.65 crs.).
32. Excise Duty liability on account of valuation of Finished Goods is disputed and is yet to be determined. Without prejudice to the Company's stand in this behalf, as per Government's desire an adhoc amount of ₹ 5.45 crs. was paid under protest in earlier years and debited to 'Advances Recoverable' and an equivalent amount was provided in Profit and Loss Account. On Writ Petition filed by the Company in the Hon'ble Delhi High Court, the said Court directed the Excise Authorities to determine the valuation of finished goods in accordance with law and observations made in the order.
33. Capital work-in-progress includes Machinery in stock / transit, construction / erection materials, cost paid for land and the following pre-operative expenses pending allocation:

	<b>₹ in Crores (10 Million)</b>	
	<b>31.03.2012</b>	31.03.2011
Raw Material Consumption	<b>13.92</b>	7.34
Stores Consumption	<b>0.27</b>	0.45
Employee Benefit Expense	<b>18.20</b>	6.12
Rates and Taxes (including excise)	<b>0.58</b>	1.24
Insurance Expenses	<b>0.50</b>	0.24
Power and Fuel Consumed	<b>7.23</b>	2.41
Finance Cost	<b>38.81</b>	15.28
Unrealised Exchange Fluctuation on borrowings	<b>4.29</b>	-
Miscellaneous expenditure	<b>6.38</b>	3.81
	<b>90.18</b>	36.89
Less : Sales	<b>1.00</b>	13.39
Scrap Sale	<b>0.49</b>	-
Closing Stock of Finished Goods	<b>2.65</b>	-
Closing Stock of Work-in-progress	<b>4.95</b>	-
	<b>81.09</b>	23.50
Add: Expenditure upto previous year	<b>16.54</b>	9.24
	<b>97.63</b>	32.74
Less: Transferred to Fixed Assets	<b>11.33</b>	16.20
	<b>86.29</b>	16.54

34. Debts over six months / Advances include ₹ 2.98 crs. (Previous year: ₹ 3.40 crs.) for which legal and other necessary action has been taken. In the opinion of the Management, these debts are recoverable and the same have been classified as good.
35. In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.
36. The Company has taken certain specified Plant & Machinery on operating lease basis, which is cancellable at the option of lessee.
37. The Company has worked out reversal of Modvat Credit availed on exports under Value Based Advance Licence in earlier years and reversed the same in accounts. Pursuant to special scheme announced by the Government, the Company has also paid interest on such reversals. Further, the Excise department has issued certain basis for reversal of Modvat, which is disputed and has been contested by the Company in a Writ Petition before the Hon'ble Delhi High Court and directions have been issued to treat the reversal already made by the Company as provisional.



38. a. Forward Contracts for hedging Payables – ₹ 7.39 crs. - US \$ 1.40 Million, ₹ 19.28 crs. – Euro 2.78 Million and ₹ 1.30 crs. – GBP 0.15 Million (Previous year ₹ 207.71 crs. - US \$ 44.74 Million, ₹ 152.17 crs. – Euro 24.25 Million and ₹ 9.30 crs. – GBP 1.26 Million) and for hedging receivables - ₹ 57.89 crs. - US \$ 12.00 Million (Previous year: Nil). are outstanding as at 31.03.2012.
- b. Foreign currency exposure unhedged net payable is ₹ 604.73 crs. – US \$ 118.21 Million (Previous year: ₹ 94.42 crs. – US \$ 21.15 Million) as at 31.03.2012.
39. The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) to the extent of information available with the Company are as under:
- (i) Principal & Interest amount due and remaining unpaid as at 31.03.2012: Nil (Previous year: Nil), (ii) Payment made beyond the appointed day during the year: Nil (Previous year: Nil) and (iii) Interest Accrued and unpaid as at 31.03.2012: Nil (Previous year: Nil).
40. The Company has not provided diminution in the value of certain long term strategic investments, since in the opinion of the Board, such diminution in their value is temporary in nature, considering the inherent value, nature of investments, the investees' assets and expected future cash flow from such investments.
41. Expenditure on Research and Development (R&D) activities during the year:

	<b>₹ in Crores (10 Million)</b>	
	<b>2011-2012</b>	2010-2011
i) Revenue Expenditure*:		
1. Employee Cost	<b>4.63</b>	4.15
2. Cost of Materials and Testing Charges	<b>12.76</b>	10.86
3. Other R & D Expenses	<b>2.90</b>	5.41
Sub total (i)	<b>20.29</b>	20.42
ii) Capital Expenditure	<b>1.21</b>	3.52
Total (i+ii)	<b>21.50</b>	23.94

\* Included in respective revenue accounts.

42. Amount paid to Auditors :

i) Statutory Auditors		
a) Audit Fee	<b>0.16</b>	0.16
b) Taxation	<b>0.01</b>	0.01
c) Certificates / other services	<b>0.04</b>	0.03
d) Reimbursement of expenses	<b>0.03</b>	0.02
ii) Cost Auditors		
a) Audit Fee	<b>0.01</b>	0.01
b) Reimbursement of expenses ₹ 27123 (Previous year: ₹ 40756)		

43. Exceptional items include net impact of unfavourable Foreign Exchange Rate fluctuation ₹. 63.17 crs (Previous Year: ₹. 12.84 crs.), net gain on sale of certain assets ₹. 76.42 crs. (Previous Year: Nil), and expenditure on Voluntary Retirement Scheme (VRS) for the employees ₹. 11.58 crs. (Previous Year: ₹. 0.63 cr.).

44. Earnings Per Share

	<b>₹ in Crores (10 Million)</b>	
	<b>2011-2012</b>	2010-2011
a. Profit after Tax	<b>11.00</b>	61.32
b. Weighted average number of equity shares	<b>41059346</b>	41059346
c. Basic and Diluted Earnings per equity shares (₹) (Face Value ₹ 10 each)		
- Cash	<b>28.04</b>	38.52
- After Tax	<b>2.68</b>	14.93

45. Exchange differences arising on Long term foreign currency borrowings related to acquisition of depreciable fixed assets, which hitherto was charged to Profit & Loss Account, is now being adjusted to cost of such assets. Accordingly, a sum of ₹ 4.29 crs. is added to cost of fixed assets during the year.

46. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006 are as given below:

**(a) Defined Benefit Plan -**

(i)

₹ in Crores (10 Million)

Particulars	Leave Encashment (Non Funded)		Gratuity (Funded)	
	2011-12	2010-11	2011-12	2010-11
<b>I Expenses recognised in the Statement of Profit &amp; Loss Account *</b>				
1 Current Service Cost	2.82	3.00	6.14	6.75
2 Interest Cost	0.70	0.66	5.20	4.56
3 Expected return on plan assets	-	-	(5.62)	(4.94)
4 Actuarial (Gains) / Losses	2.71	0.51	2.12	2.34
5 Total expense	6.23	4.17	7.84	8.71
<b>II Net Asset / (Liability) recognised in the Balance Sheet as at year end</b>				
1 Present Value of Defined Benefit Obligation	11.15	9.35	66.60	64.20
2 Fair value of plan assets	-	-	69.44	66.65
3 Funded status [Surplus / (Deficit)]	(11.15)	(9.35)	2.84	2.45
4 Net asset / (liability)	(11.15)	(9.35)	2.84	2.45
<b>III Change in obligation during the year</b>				
1 Present Value of Defined Benefit Obligation at the beginning of the year	9.35	8.36	64.20	55.21
2 Current Service Cost	2.82	3.00	6.14	6.75
3 Interest Cost	0.70	0.66	5.20	4.56
4 Actuarial (Gains) / Losses	2.71	0.51	2.00	1.59
5 Benefits Payments	(4.43)	(3.18)	(10.94)	(3.91)
6 Present Value of Defined Benefit Obligation as at year end	11.15	9.35	66.60	64.20
<b>IV Change in Assets during the year</b>				
1 Fair value of plan assets at the beginning of the year	-	-	66.65	51.15
2 Expected return on plan assets	-	-	5.62	4.94
3 Contributions by employers	4.43	3.18	8.22	15.22
4 Actual benefits paid	(4.43)	(3.18)	(10.94)	(3.91)
5 Actuarial gains / (losses)	-	-	(0.12)	(0.75)
6 Fair value of plan assets as at year end	-	-	69.43	66.65
7 Total Actual Return on Plan Assets	-	-	5.50	4.19
<b>V The major categories of plan assets as % of total plan Insurer Managed Funds</b>	-	-	100%	100%
<b>VI Actuarial Assumptions :</b>				
1 Discount Rate	8.50%	8.25%	8.50%	8.25%
2 Expected rate of return on plan assets	-	-	8.60%	8.00%
3 Mortality	LIC (1994-96) Ultimate			
4 Salary Escalation	5%			

\* Included Under the head Employee Benefit Expenses - Refer Note 25.





- (ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of assets management, historical results of return on plan assets and the policy for plan assets management.
- (iii) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (iv) Contributions to PF (trust) during the 12 months ended 31st March, 2012 of ₹ 0.93 cr. (Previous Year: ₹ 0.89 cr.) has been included under the head Employee Benefit Expenses. (Refer Note 25)

Pending the issuance of the Guidance Note from the Institute of Actuaries of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability.

**(b) Defined Contribution Plans -**

Employer's Contributions to Provident and other Funds charged off during the 12 months ended 31st March, 2012 of ₹ 20.54 crs. (Previous Year: ₹ 18.98 crs.) has been included under the head Employee Benefit Expenses. (Refer Note 25).

47. Related Parties:

a) Subsidiaries:

- J. K. International Ltd.
- J. K. Asia Pacific Ltd.
- J. K. Asia Pacific (S) Pte. Ltd. (Subs. of J. K. Asia Pacific Ltd.)
- Lankros Holdings Ltd.
- Sarvi Holdings Switzerland AG. (Subs. of Lankros Holdings Ltd.)
- JK Tornel S.A.de C.V. (JKTSA - Subs. of Sarvi Holdings Switzerland AG.)
- Comercializadora América Universal, S.A. de C.V.\*
- Compañía Hulera Tacuba, S.A. de C.V. \*
- Compañía Hulera Tornel, S.A. de C.V. (CHT)\*
- Compañía Inmobiliaria Norida, S.A. de C.V. \*
- General de Inmuebles Industriales, S.A. de C.V. \*
- Gintor Administración, S.A. de C.V. \*
- Hules y Procesos Tornel, S.A. de C.V. \*

\* Subsidiary of JKTSA

b) Associates:

- Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI)
- Valiant Pacific LLC. (VPL)

c) Key Management Personnel (KMP):

- |                            |                                   |
|----------------------------|-----------------------------------|
| Dr. Raghupati Singhania    | Vice Chairman & Managing Director |
| Shri Bharat Hari Singhania | Managing Director                 |
| Shri Vikrampati Singhania  | Dy. Managing Director             |
| Shri Swaroop Chand Sethi   | Whole Time Director               |
| Shri Arun Kumar Bajoria    | President & Director              |

d) Enterprise over which KMP is able to exercise Significant Influence:

- JK Lakshmi Cement Ltd. (JKLC)
- Fenner India Ltd. (FIL)

I. The following transactions were carried out with related parties in the ordinary course of business:

₹ in Crores (10 Million)

Nature of Transaction	Subsidiaries	Associates	Enterprise over which KMP is able to exercise Significant Influence	TOTAL
<b>Purchase of cement from JKLC &amp; Spares from FIL</b>			<b>0.12</b>	<b>0.12</b>
Purchase of cement from JKLC & Spares from FIL			(0.12)	(0.12)
<b>Purchase of Capital Items from FIL</b>			<b>0.02</b>	<b>0.02</b>
Purchase of Capital Items from CHT	(0.53)			(0.53)
Purchase of Tyres from CHT	(0.01)			(0.01)
<b>Sale of Capital items to CHT, FIL</b>	<b>0.02</b>		<b>87.78</b>	<b>87.80</b>
Sale of Capital Items to CHT	(0.56)			(0.56)
<b>Sale of Tyres to VPL &amp; JKLC</b>		<b>369.40</b>	<b>0.86</b>	<b>370.26</b>
Sale of Tyres to HASETRI, VPL - 258.70 & JKLC		(258.71)	(1.29)	(260.00)
<b>Sale of Stores to HASETRI</b>		<b>0.05</b>		<b>0.05</b>
Sale of Raw Material & Stores to CHT & HASETRI	(0.02)	(0.03)		(0.05)
<b>Sharing of Expenses received - HASETRI, JKLC &amp; FIL-0.71</b>		<b>1.30</b>	<b>1.23</b>	<b>2.53</b>
Sharing of Expenses received - CHT, HASETRI, JKLC & FIL-0.56	(0.24)	(1.24)	(1.04)	(2.52)
<b>Sharing of Expenses paid - CHT, JKLC &amp; FIL - 0.46</b>	<b>0.13</b>		<b>0.89</b>	<b>1.02</b>
Sharing of Expenses paid - JKLC- 0.25 & FIL - 0.46			(0.71)	(0.71)
<b>Services Availed - HASETRI - 10.34, VPL, FIL &amp; JKLC - 3.07</b>		<b>10.45</b>	<b>3.08</b>	<b>13.53</b>
Services Availed - HASETRI - 5.98, VPL & JKLC		(6.06)	(2.51)	(8.57)
<b>Loans / Advances given - CHT, JKTS A-0.19, HASETRI, FIL -0.28 &amp; JKLC</b>	<b>0.24</b>	<b>0.67</b>	<b>0.34</b>	<b>1.25</b>
Loans / Advances given - CHT, HASETRI-7.21, VPL, JKLC-2.15 & FIL	(0.03)	(7.28)	(2.43)	(9.74)
<b>Loans / Advances recovered - CHT, JKTS A - 4.37, HASETRI &amp; FIL</b>	<b>4.62</b>	<b>0.50</b>	<b>0.58</b>	<b>5.70</b>
Loans / Advances recovered - CHT - 4.12, JKTS A, HASETRI-2.70, VPL & JKLC	(5.04)	(3.03)	(0.60)	(8.67)
<b>Loans / Advances received - CHT, HASETRI, VPL, JKLC - 0.45 &amp; FIL</b>	<b>0.07</b>	<b>0.03</b>	<b>0.49</b>	<b>0.59</b>
Loans / Advances received - HASETRI, VPL, JKLC -2.92 & FIL		(0.21)	(2.95)	(3.16)
<b>Loans / Advances repaid - VPL &amp; FIL</b>		<b>0.24</b>	<b>0.01</b>	<b>0.25</b>
Loans / Advances repaid -HASETRI, VPL, JKLC-4.91 & FIL		(0.15)	(5.14)	(5.29)
<b>Lease Rent paid to FIL</b>			<b>0.04</b>	<b>0.04</b>
<b>Interest Income from JKTS A</b>	<b>0.52</b>			<b>0.52</b>
Interest Income -CHT-0.26,ETSA-0.11 & JKTS A -0.75	(1.12)			(1.12)
<b>Royalty income from VPL</b>		<b>4.52</b>		<b>4.52</b>
Royalty income from VPL		(3.74)		(3.74)
<b>Contribution to HASETRI</b>		<b>0.50</b>		<b>0.50</b>
Contribution to HASETRI		(2.75)		(2.75)
<b>Outstanding as at year end:</b>				
<b>Receivable:</b>				
- CHT-0.13 & JKTS A -5.87	<b>6.00</b>			<b>6.00</b>
- CHT-0.25 & JKTS A -9.53	(9.78)			(9.78)
- VPL - 109.59, JKLC 2.01 & FIL - 87.83		<b>109.59</b>	<b>89.84</b>	<b>199.43</b>
- VPL - 86.30, JKLC -2.13 & FIL -0.09		(86.30)	(2.22)	(88.52)

Note: Figures in brackets represent previous year amount, wherever applicable.

II. Remuneration to Vice Chairman & Managing Director ₹ 2.89 crs. (₹ 3.93 crs.), Managing Director ₹ 0.28 cr. (₹ 1.71 crs.), Dy. Managing Director ₹ 1.28 crs. (₹ 1.37 crs.), Whole time Director ₹ 1.04 crs. (₹ 1.13 crs.) and President & Director ₹ 1.91 crs. (₹ 2.01 crs.) is subject to Central Government approval for financial year 2011-12. (Previous year figures in brackets)

48. Loans and Advances pursuant to Clause 32 of the Listing Agreement:

₹ in Crores (10 Million)

	Outstanding as at 31st March, 2012	Maximum Outstanding during 2011-2012	Outstanding as at 31st March, 2011	Maximum Outstanding during 2010-2011
Loans and Advances (in the nature of Loans): (Repayable on demand)				
<u>Subsidiaries:</u>				
JK Tornel S.A. de C.V.	<b>5.87</b>	<b>9.53</b>	9.53	10.24
Empresas Tornel, S.A. de C.V.	-	-	-	2.12
Compañía Hulera Tornel, S.A. de C.V.	<b>0.13</b>	<b>0.25</b>	0.25	3.94

Note - Loans / Advances to employees as per Company's policy are not considered.



49. Work in Progress:

	₹ in Crores (10 Million)	
	As at 31.03.2012	As at 31.03.2011
Compounds	23.24	22.88
Semi-finished Tyres	12.53	7.69
Others	16.63	10.71
	<b>52.40</b>	<b>41.28</b>

50. a) Expenditure in Foreign Currency:

	₹ in Crores (10 Million)	
	2011-2012	2010-2011
(i) Royalty	-	6.77
(ii) Professional charges	1.44	1.45
(iii) Interest expense	2.25	-
(iv) Others	12.48	4.04

b) Remittances in foreign Currency on account of Dividend for the year 2010-11  
(Previous year 2009-10)

	2011-2012	2010-2011
(i) Number of Non-resident shareholders	1	1
(ii) Number of Equity shares held by them	3487500	3487500
(iii) Amount of dividend remitted	1.05	1.22

c) Earnings in Foreign Currency on account of:

	2011-2012	2010-2011
F.O.B. value of exports	590.29	418.04
Royalty	4.52	3.74
Interest Income	0.52	1.12
Others	-	2.47

d) C.I.F. Value of Imports:

	2011-2012	2010-2011
Raw Materials	1400.00	889.05
Capital Goods	281.87	80.75
Spares	5.06	3.98

51. Figures less than ₹ 50000 have been shown at actual in bracket.

52. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. Thus previous year figures has been reclassified / recasted suitably. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements except for presentation and disclosures, wherever required.

As per our report of even date

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

P.K. RUSTAGI  
Secretary

New Delhi, the 15th May, 2012

H.S. SINGHANIA  
Dr. RAGHUPATI SINGHANIA  
BHARAT HARI SINGHANIA  
VIKRAMPATI SINGHANIA  
SWAROOP CHAND SETHI  
ARUN KUMAR BAJORIA  
OM PRAKASH KHAITAN  
ARVIND SINGH MEWAR  
BAKUL JAIN  
VIMAL BHANDARI  
KALPATARU TRIPATHY

Chairman  
Vice Chairman & Managing Director  
Managing Director  
Directors

# JK TYRE & INDUSTRIES LIMITED

## CASH FLOW STATEMENT

For the year ended 31st March, 2012

	₹ in Crores (10 Million)	
	2011-2012	2010-2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax and extraordinary items	12.80	91.67
Adjustment for :		
Depreciation and Amortisation expense	124.78	114.54
Transfer from revaluation reserve	(23.37)	(23.44)
Finance Costs	170.43	98.08
(Profit)/Loss on sale of assets	(76.42)	0.04
Provision for diminution of Investments ( Previous Year: ₹ 41746)	0.23	
Earlier Year Provision no longer required	-	(0.19)
Foreign Exchange Fluctuation	13.45	(2.84)
Interest / Dividend Received	(3.50)	(3.99)
Provision for Doubtful Debts/Advances and Balances written off	1.03	0.50
Operating Profit before working capital changes	219.43	274.37
(Increase) / Decrease in Trade and Other Receivables	(222.42)	(265.01)
(Increase) / Decrease in Inventories	27.06	(228.90)
Increase / (Decrease) in Trade and other Payables	326.57	222.11
Cash generated from Operations	350.64	2.57
Direct taxes (Net)	(3.92)	(24.00)
Net Cash from / (used in) Operating activities	346.72	(21.43)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(615.54)	(290.18)
Sale of Fixed Assets	9.93	2.38
Movement in Loan	9.98	3.61
Purchase of Investments	(21.05)	(3.32)
Redemption of Investment	13.50	-
Interest Received	3.49	3.69
Dividend Received	0.01	0.01
Net Cash used in Investing activities	(599.68)	(283.81)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	836.15	644.08
Repayment of borrowings	(372.21)	(186.23)
Finance Costs Paid	(203.49)	(114.11)
Dividend paid ( including dividend tax)	(14.24)	(16.66)
Net cash from financing activities	246.21	327.08
Net increase / (decrease) in cash and cash equivalents	(6.75)	21.84
Cash and Cash equivalents as at the beginning of the year	85.11	63.27
Foreign Currency Translation gain on Cash & Cash Equivalents	0.06	-
Cash and Cash equivalents as at the end of the year	78.42	85.11
<b>Notes:</b>		
Cash and Cash Equivalents Include:		
- Cash, Cheques in hand and Remittances in transit	68.77	78.49
- Balances with Banks	9.59	6.62
- Unrealised Translation gain on Foreign Currency balances	0.06	-
<b>Total</b>	<b>78.42</b>	<b>85.11</b>

As per our report of even date

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

P.K. RUSTAGI  
Secretary

New Delhi, the 15th May, 2012

H.S. SINGHANIA  
Dr. RAGHUPATI SINGHANIA  
BHARAT HARI SINGHANIA  
VIKRAMPATI SINGHANIA  
SWAROOP CHAND SETHI  
ARUN KUMAR BAJORIA  
OM PRAKASH KHAITAN  
ARVIND SINGH MEWAR  
BAKUL JAIN  
VIMAL BHANDARI  
KALPATARU TRIPATHY

Chairman  
Vice Chairman & Managing Director  
Managing Director  
  
  
  
  
  
  
  
  
  
  
Directors



## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### **TO THE BOARD OF DIRECTORS OF JK TYRE & INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JK TYRE & INDUSTRIES LIMITED, ITS SUBSIDIARIES AND ITS INTERESTS IN ASSOCIATES**

We have examined the attached Consolidated Balance Sheet of JK Tyre & Industries Limited, its subsidiaries and its interests in associates as at 31st March, 2012 and the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of JK Tyre & Industries Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of any of the subsidiaries. The financial statements of three subsidiaries reflect total assets of ₹ 2.50 crs. (Including ₹ 0.01 cr. for J. K. International Limited) as at 31st March, 2012 and those of all other subsidiaries reflect total assets of ₹ 1315.09 crs. as at 31st December, 2011 and total revenues of ₹ 1930.89 crs. for the year ended on 31st December, 2011. The financial statements of subsidiary, namely, J. K. International Limited, which was furnished to us by the management, was unaudited. Further the financial statements of all other subsidiaries have been audited by other auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the said subsidiaries, is based solely on the reports of the other auditors.

The financial statements of associate, namely, Hari Shankar Singhania Elastomer & Tyre Research Institute have been audited by us, whose financial statements reflect total assets of ₹ 19.16 crs. as at 31st March, 2012 and total revenue of ₹ 9.65 crs. for the year then ended.

We did not audit the financial statements of associate, namely, Valiant Pacific LLC., whose audited financial

statements reflect total assets of ₹ 211.13 crs. as at 31st December, 2011 and total revenue of ₹ 712.66 crs. for the year then ended. The said financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the interest in said associate, is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" and (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of JK Tyre & Industries Limited, its subsidiaries and its interests in associates included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its Subsidiaries and its interests in Associates included in the Consolidated Financial Statements, we are of the opinion that the said consolidated financial statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company, its Subsidiaries and its interests in Associates as at 31st March, 2012;
- b) In the case of the Consolidated Statement of Profit & Loss, of the consolidated results of operations of the Company, its Subsidiaries and its interests in Associates for the year then ended; and
- c) In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Company, its Subsidiaries and its interests in Associates for the year then ended.

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

Firm Registration No. 301051E  
Membership No. 85155

New Delhi, the 15th May, 2012

# JK TYRE & INDUSTRIES LIMITED

## CONSOLIDATED BALANCE SHEET

AS AT 31st MARCH 2012

₹ in Crores (10 Million)

	Note No.	31.03.2012	31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	41.06	41.06
Reserves and Surplus	3	<u>714.26</u>	<u>817.28</u>
		<u>755.32</u>	<u>858.34</u>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	1120.42	549.30
Deferred tax liabilities (Net)	5	147.56	144.86
Other Long-term liabilities	6	344.02	302.23
Long-term provisions	7	<u>49.75</u>	<u>46.15</u>
		<u>1661.75</u>	<u>1042.54</u>
<b>Current Liabilities</b>			
Short-term borrowings	8	901.75	979.19
Trade payables		1284.52	966.42
Other current liabilities	9	412.91	331.16
Short-term provisions	10	<u>124.25</u>	<u>122.08</u>
		<u>2723.43</u>	<u>2398.85</u>
<b>TOTAL</b>		<u><b>5140.50</b></u>	<u><b>4299.73</b></u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
- Tangible assets	11	1866.46	1850.02
- Intangible assets	11	3.10	5.46
- Capital work-in-progress		765.15	200.02
Non-current investments	12	100.69	87.13
Long-term loans and advances	13	74.44	118.63
Other non-current assets	14	-	0.17
		<u>2809.84</u>	<u>2261.43</u>
<b>Current Assets</b>			
Inventories	15	781.85	817.57
Trade receivables	16	1008.54	822.80
Cash and bank balances	17	104.93	114.47
Short-term loans and advances	18	347.16	277.08
Other current assets	19	<u>88.18</u>	<u>6.38</u>
		<u>2330.66</u>	<u>2038.30</u>
<b>TOTAL</b>		<u><b>5140.50</b></u>	<u><b>4299.73</b></u>

Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

P.K. RUSTAGI  
Secretary

New Delhi, the 15th May, 2012

H.S. SINGHANIA  
Chairman  
Dr. RAGHUPATI SINGHANIA  
Vice Chairman & Managing Director  
BHARAT HARI SINGHANIA  
Managing Director  
VIKRAMPATI SINGHANIA  
SWAROOP CHAND SETHI  
ARUN KUMAR BAJORIA  
OM PRAKASH KHAITAN  
ARVIND SINGH MEWAR  
BAKUL JAIN  
VIMAL BHANDARI  
KALPATARU TRIPATHY  
Directors



# JK TYRE & INDUSTRIES LIMITED

## CONSOLIDATED PROFIT & LOSS STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2012

₹ in Crores (10 Million)

	Note No.	2011-2012	2010-2011
Revenue from operations	20	<b>7451.98</b>	6415.42
Less: Excise Duty		<b>504.88</b>	436.65
Net Revenue from operations		<b>6947.10</b>	5978.77
Other income	21	<b>3.77</b>	7.10
<b>Total Revenue ( I )</b>		<b>6950.87</b>	5985.87
<b>Expenses</b>			
Cost of materials consumed	22	<b>4993.25</b>	4382.60
Purchases of Stock-in-Trade	23	<b>69.79</b>	48.17
(Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-trade	24	<b>83.18</b>	(164.81)
Employee benefits expense	25	<b>502.37</b>	473.63
Other expenses	26	<b>969.65</b>	914.49
<b>Total ( II )</b>		<b>6618.24</b>	5654.08
<b>Profit before Interest, Depreciation &amp; Tax (PBITD) [ I - II ]</b>		<b>332.63</b>	331.79
Finance costs	27	<b>187.50</b>	116.53
Depreciation and amortisation expense	28	<b>121.05</b>	109.25
<b>Profit before exceptional items and tax</b>		<b>24.08</b>	106.01
Exceptional Items	36	<b>(47.08)</b>	5.95
<b>Profit / (Loss) before tax</b>		<b>(23.00)</b>	111.96
Tax Expense:			
- Current Tax		<b>15.15</b>	43.65
- Mat Credit Entitlement		<b>(2.63)</b>	-
- Deferred Tax		<b>2.70</b>	5.76
<b>Profit / (Loss) after tax</b>		<b>(38.22)</b>	62.55
Share in Profits of Associates		<b>6.23</b>	3.36
<b>Profit / (Loss) for the year</b>		<b>(31.99)</b>	65.91
Basic and Diluted Earnings per equity share (₹):	37		
- Cash		<b>22.35</b>	44.06
- After Tax		<b>(7.79)</b>	16.05

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

P.K. RUSTAGI  
Secretary

New Delhi, the 15th May, 2012

H.S. SINGHANIA  
Dr. RAGHUPATI SINGHANIA  
BHARAT HARI SINGHANIA  
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VIMAL BHANDARI  
KALPATARU TRIPATHY

Chairman  
Vice Chairman & Managing Director  
Managing Director  
Directors

## Note – 1 Principles of Consolidation:

- a) The Consolidated Financial Statements comprise of the financial statements of JK Tyre & Industries Limited (Parent Company) and the following as on 31.03.2012:

i) **Subsidiaries:**

Name	Proportion of ownership interest	Financial Statements as on
J. K. International Ltd., U.K	100%	31.03.2012
J. K. Asia Pacific Ltd., Hong Kong	100%	31.03.2012
J. K. Asia Pacific (S) Pte Ltd., Singapore	100%	31.03.2012
Lankros Holdings Ltd., Cyprus	100%	31.12.2011
Sarvi Holdings Switzerland AG., Switzerland	100%	31.12.2011
JK Tornel S.A. de C.V., Mexico	99.96%	31.12.2011
Comercializadora América Universal, S.A. de C.V., Mexico	99.96%	31.12.2011
Compañía Hulera Tacuba, S.A. de C.V., Mexico	99.96%	31.12.2011
Compañía Hulera Tornel, S.A. de C.V., Mexico	99.96%	31.12.2011
Compañía Inmobiliaria Norida, S.A. de C.V., Mexico	99.96%	31.12.2011
General de Inmuebles Industriales, S.A. de C.V., Mexico	99.96%	31.12.2011
Gintor Administración, S.A. de C.V., Mexico	99.96%	31.12.2011
Hules y Procesos Tornel, S.A. de C.V., Mexico	99.96%	31.12.2011

Impact of minority interest is insignificant and immaterial, hence not considered.

ii) **Associates:**

Name	Status	Ownership Interest	Financial Statement as on
Hari Shankar Singhania Elastomer and Tyre Research Institute, India	Audited	24%	31.03.2012
Valiant Pacific LLC., UAE	Audited	49%	31.12.2011

There are no significant transactions or other material events that have occurred between the balance sheet date of above companies and the parent company.

- b) The Financial Statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating Intra-group balances and Intra-group transactions.
- c) In case of associates, where Company holds directly or indirectly through subsidiaries 20% or more equity or / and exercises significant influence, Investments are accounted for by using equity method in accordance with Accounting Standard (AS) 23 – “Accounting for Investments in Associates in Consolidated Financial Statements”.
- d) Post acquisition, the Company accounts for its share in the change in net assets of the associates (after eliminating unrealised profits and losses resulting from transactions between the Company and its Associates to the extent of its share) through its profit and loss account in respect of the change attributable to the associates’ profit and loss account and through its reserves for the balance.
- e) The difference between the cost of investment and the share of net assets at the time of acquisition of shares in the subsidiaries and associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- f) The Accounting Policies of the parent company, its subsidiaries and associates are largely similar. However, few accounting policies are different as certain subsidiaries / associates located in different countries have to comply with the local regulatory requirements.
- g) Foreign Subsidiaries – Revenue items have been consolidated at the average rate of foreign exchange prevailing during the year. The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at closing rate. Exchange differences arising on monetary and non-monetary items that in substance forms part of the Company’s net investment in non-integral foreign operation are accumulated in the Foreign Currency Translation Reserve.
- h) Significant Accounting Policies and Notes accompanying Accounts of the financial statements of the company and its subsidiaries are set out in their respective Financial Statements.
- i) The accounts of J. K. International Ltd. are exempt from Audit.





**Note - 2**

₹ in Crores (10 Million)  
As at  
**31.03.2012**      As at  
31.03.2011

**SHARE CAPITAL**

**Authorised:**

Equity Shares -12,50,00,000 of ₹ 10 each	<b>125.00</b>	125.00
14% Cumulative Redeemable Preference Shares - 7,00,000 of ₹ 100 each	<b>7.00</b>	7.00
Preference Shares - 48,00,000 of ₹ 100 each	<b>48.00</b>	48.00
	<b><u>180.00</u></b>	<u>180.00</u>

**Issued, Subscribed and Paid up:**

Equity Shares (with equal rights)- 4,10,59,346 of ₹ 10 each fully paid up (Previous Year : 4,10,59,346 Equity Shares of ₹ 10 each)	<b>41.06</b>	41.06
	<b><u>41.06</u></b>	<u>41.06</u>

**Note - 3**

₹ in Crores (10 Million)  
31.03.2011      **Additions**      **Transfers**      **31.03.2012**

**RESERVES AND SURPLUS**

Capital Reserve	187.18	<b>14.06 (a)</b>	<b>19.97 (b)</b>	<b>181.27 (c)</b>
Capital Redemption Reserve	7.00	-	-	<b>7.00</b>
Securities Premium Reserve	218.09	-	<b>0.39 (d)</b>	<b>217.70</b>
Debenture Redemption Reserve	0.71	-	<b>0.71</b>	-
Revaluation Reserve	83.78	-	<b>42.80 (e)</b>	<b>40.98</b>
General Reserve	315.34	<b>10.00</b>	-	<b>325.34</b>
Surplus in Profit and Loss Statement (f)	0.93	-	<b>53.21</b>	<b>(52.28)</b>
Foreign Currency Translation Reserve	4.25	-	<b>10.00</b>	<b>(5.75)</b>
	<u>817.28</u>	<u><b>24.06</b></u>	<u><b>127.08</b></u>	<u><b>714.26</b></u>
Previous Year	<u>808.90</u>	<u>85.17</u>	<u>76.79</u>	<u>817.28</u>

(a) Gain on reinstatement of net Capital Reserve on consolidation as at Balance Sheet date.

(b) ₹ 19.97 crs. towards depreciation arising out of revaluation for foreign subsidiaries transferred to Profit & Loss Statement.

(c) Represents Capital Reserve on Consolidation.

(d) Provision for premium on redemption of Zero Coupon Non-Convertible Debentures.

(e) ₹ 23.37 crs. towards depreciation arising out of revaluation transferred to Profit & Loss Statement and ₹ 19.43 crs. adjusted for Fixed Assets sold / transferred.

(f) Detail of Surplus in Profit and Loss Statement:

	<b>As at</b>	As at
	<b>31.3.2012</b>	31.3.2011
Surplus in Profit and Loss statement from Previous year	<b>0.93</b>	25.87
Profit / (Loss) for the year	<b>(31.99)</b>	65.91
Debenture Redemption Reserve no longer required	<b>0.71</b>	3.85
Transfer to Debenture Redemption Reserve	-	(0.38)
Transfer to General Reserve	<b>(10.00)</b>	(80.00)
Proposed Dividend (@ ₹ 2.50 per equity share)	<b>(10.26)</b>	(12.32)
Corporate Dividend Tax	<b>(1.67)</b>	(2.00)
Surplus in Profit and Loss Statement carried to Balance sheet	<b><u>(52.28)</u></b>	<u>0.93</u>

Note - 4	Non Current		₹ in Crores (10 Million) Current*	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>LONG-TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Zero Coupon Non-Convertible Debentures	-	-	-	2.82
Term Loans:				
- Financial Institutions	94.29	-	-	-
- Banks	793.70	327.58	54.78	38.49
- Others	57.29	65.52	8.22	8.22
Deferred Sales Tax	5.52	17.73	12.21	16.38
	<u>950.80</u>	<u>410.83</u>	<u>75.21</u>	<u>65.91</u>
<b>UNSECURED LOANS</b>				
Deferred Sales Tax	97.21	104.63	24.30	-
Fixed Deposits	22.41	33.84	20.25	16.35
Loan from Bank	50.00	-	-	-
	<u>169.62</u>	<u>138.47</u>	<u>44.55</u>	<u>16.35</u>
	<u>1120.42</u>	<u>549.30</u>	<u>119.76</u>	<u>82.26</u>
Less: Amount Disclosed under the head "Other Current Liabilities" (Note No. 9)	-	-	(119.76)	(82.26)
	<u>1120.42</u>	<u>549.30</u>	<u>-</u>	<u>-</u>
* Payable during next 12 months.				
<b>Note - 5</b>				
<b>DEFERRED TAX LIABILITIES (NET)</b>		As at 31.03.2012		As at 31.03.2011
Pursuant to the accounting standard on 'Accounting for Taxes on Income' (AS-22), deferred tax liability / (asset) are as under:				
1. Deferred Tax Liability related to Fixed Assets		190.19		156.25
2. Deferred Tax Assets				
(i) Expenses / Provision Allowable	11.97		11.39	
(ii) Unabsorbed depreciation	30.66	42.63	-	11.39
3. Deferred Tax Liability / (Asset) - Net		<u>147.56</u>		<u>144.86</u>
Certain foreign Subsidiaries have not recognised deferred tax asset (net) based upon prudence.				
<b>Note - 6</b>			As at 31.03.2012	As at 31.03.2011
<b>OTHER LONG-TERM LIABILITIES</b>				
Trade Deposits & Others			344.02	302.23
			<u>344.02</u>	<u>302.23</u>
<b>Note - 7</b>				
<b>LONG-TERM PROVISIONS</b>				
Provision for Employee Benefits			49.75	46.15
			<u>49.75</u>	<u>46.15</u>
<b>Note - 8</b>				
<b>SHORT-TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Repayable on demand from Banks			779.01	567.23
			<u>779.01</u>	<u>567.23</u>
<b>UNSECURED LOANS</b>				
Fixed Deposits			5.43	12.55
Short-Term Loans from Banks			117.31	399.41
			<u>122.74</u>	<u>411.96</u>
			<u>901.75</u>	<u>979.19</u>



₹ in Crores (10 Million)

**Note - 9**

	As at 31.03.2012	As at 31.03.2011
<b>OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term borrowings	119.76	82.26
Interest accrued but not due on borrowings	11.14	4.30
Unclaimed dividends #	0.58	0.50
Unclaimed / Uncollected Fixed Deposits and interest accrued thereon #	1.85	1.64
Others:		
- Government and Other Statutory Dues	126.44	114.82
- Other Payables	153.14	127.64
	<b>412.91</b>	<b>331.16</b>

# Investor Education & Protection Fund will be credited as and when due.

**Note - 10**

**SHORT-TERM PROVISIONS**

Provision for Employee Benefits	6.64	11.38
Others:		
- Provision for Taxation	105.68	96.38
- Proposed Dividend	10.26	12.32
- Provision for Corporate Dividend Tax	1.67	2.00
	<b>124.25</b>	<b>122.08</b>

**Note - 11**

**FIXED ASSETS**

₹ in Crores (10 Million)

Particulars	Gross Value				As at 31.03.2012	Depreciation / Amortisation				Net Value		
	As at 31.03.2011	Additions Adjustments ^	Sales/ Adjustments	Translation Adjustment@		Upto 31.3.2011	For the Year	Sales/ Adjustments	Translation Adjustment@	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>(i) Tangible Assets</b>												
Land - Freehold	147.63	-	-	(8.05)	155.68	-	-	-	-	-	155.68	147.63
- Leasehold	10.67	-	0.01	-	10.66	0.99	0.11	-	-	1.10	9.56	9.68
Buildings*	442.49	22.07	-	(8.52)	473.08	94.64	15.48	-	(1.93)	112.05	361.03	347.85
Plant and Equipments	2693.91	153.19	125.75	(20.67)	2742.02	1390.09	141.52	102.76	(10.36)	1439.21	1302.81	1303.82
Furniture & Fixtures	22.20	1.50	3.02	(0.36)	21.04	12.11	1.17	2.16	(0.19)	11.31	9.73	10.09
Office Equipments	18.19	0.90	0.30	(0.40)	19.19	10.39	0.99	0.19	(0.37)	11.56	7.63	7.80
Vehicles	30.58	5.62	8.00	(0.12)	28.32	7.43	2.76	2.01	(0.12)	8.30	20.02	23.15
	3365.67	183.28	137.08	(38.12)	3449.99	1515.65	162.03	107.12	(12.97)	1583.53	1866.46	1850.02
Previous Year	3120.72	236.70	4.22	(12.47)	3365.67	1364.58	149.48	2.14	(3.73)	1515.65	1850.02	
<b>(ii) Intangible Assets</b>												
Software #	11.78	-	-	-	11.78	6.32	2.36	-	-	8.68	3.10	5.46
	11.78	-	-	-	11.78	6.32	2.36	-	-	8.68	3.10	5.46
Previous Year	11.78	-	-	-	11.78	3.97	2.35	-	-	6.32	5.46	

\* Buildings include ₹ 2.05 crs. constructed on Leased Land, 274 shares held in co-operative housing societies and property worth ₹ 0.46 cr. yet to be registered in Company's name.

# Being amortised over a period of 5 years.

@ Represents translation adjustments arising on consolidation of foreign subsidiaries.

^ Includes capitalisation of finance cost - Buildings ₹ 0.96 cr. and Plant & Machinery ₹ 5.19 crs.

Factory & Service buildings and Plant and Machinery of Parent Company's Plant at Jaykaygram, were revalued as at 1st January, 1985 & 1st April, 1991. On 1st April, 1997 the revaluation of such assets was updated alongwith similar assets of Banmore plant. The revaluation of said assets of Jaykaygram and Banmore was further updated alongwith Factory Land and Township building as at 1st April, 2002 based on replacement cost by a Valuer. Further, Fixed Assets of certain foreign subsidiaries at Mexico were revalued as at 12th June, 2008 on the basis of report of a certified Valuer. The Gross Block includes cumulative surplus of ₹ 961.13 crs. as at 31.03.2012 (Previous year: ₹ 1038.80 crs.) arising on revaluation.

**Note -12**

₹ in Crores (10 Million)  
As at 31.03.2012      As at 31.03.2011

**INVESTMENTS****NON-CURRENT INVESTMENTS (Long-term)**

(Other than trade)

Investment in Shares:

Equity	4.36	1.55
Preference	19.13	14.61
Investment in associates *	27.84	21.61
Bonds	49.11	49.11
Mutual Funds	0.25	0.25
Government Securities (₹ 25000; As at 31.03.2011: ₹ 25000)		
	<b>100.69</b>	<b>87.13</b>

\* Share of profits has been recognised in carrying amount of investment in associates.

**Note -13****LONG-TERM LOANS & ADVANCES (Unsecured - Considered Good)**

Advances - Project related	46.19	95.74
Security Deposits with Govt. Authorities and Others	28.25	22.89
	<b>74.44</b>	<b>118.63</b>

**Note -14****OTHER NON-CURRENT ASSETS**

Bank Balances on Deposit Accounts*	-	0.17
	-	0.17

\* Pledged with bank as margin money against bank guarantees. Maturity more than 12 months.

**Note -15****INVENTORIES**

Raw Materials*	386.82	352.55
Work-in-Progress	66.82	58.67
Finished Goods **	283.04	370.34
Stock-in-trade	8.10	6.90
Stores and Spares	37.07	29.11
	<b>781.85</b>	<b>817.57</b>

\* Includes raw materials in transit ₹ 52.42 crs. (Previous Year - ₹ 54.23 crs.)

\*\* Includes finished goods in transit ₹ 2.62 crs. (Previous Year - ₹ 0.94 cr.)

**Note -16****TRADE RECEIVABLES (Unsecured)**

(a) Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	52.48	55.16
Doubtful	23.01	18.41
Less : Allowance for Bad and Doubtful debts	(23.01)	(18.41)
(b) Others (Considered Good)	956.06	767.64
	<b>1008.54</b>	<b>822.80</b>



₹ in Crores (10 Million)  
As at  
**31.03.2012**      As at  
31.03.2011

**Note -17**

**CASH & BANK BALANCES**

(a) *Cash and Cash Equivalents*

Balances with Banks :

On Current Accounts

**17.49**      13.31

On Deposit Accounts

**17.94**      21.98

On Dividend Accounts

**0.58**      0.50

Remittances in transit and Cheques on hand

**68.71**      78.43

Cash on hand

**0.21**      0.25

(b) *Other Bank Balances:*

On Deposit Accounts

-      0.17

**104.93**      114.64

Less : Amount disclosed under Non-current Assets - Note No. 14

-      (0.17)

**104.93**      114.47

**Note -18**

**SHORT-TERM LOANS & ADVANCES** (Considered Good)

Secured Loan

-      0.62

Unsecured:

Loans

-      6.30

Loans and advances to related parties

**1.22**      0.50

Balance with Excise and Sales tax Authorities

**183.22**      109.83

Export Benefit Receivable

**6.58**      11.81

Prepaid Expenses

**7.52**      7.54

MAT Credit Entitlements

**11.37**      8.74

Income Tax Advance Payments

**107.41**      98.53

Other Advances

**29.84\***      33.21

**347.16**      277.08

\* Other Advances include Share Application Money of ₹ 3 crs. paid to Dwarkesh Energy Ltd. (a Power Project SPV) for subscribing to the Optionally Convertible Cumulative Redeemable Preference Shares (Face value ₹ 100 each) of ₹ 10 crs.

**Note -19**

**OTHER CURRENT ASSETS**

Receivables against Sale of Fixed Assets

**87.74**      -

Interest Accrued on Investments

**0.44**      0.44

Unbilled Revenue

-      5.94

**88.18**      6.38

	₹ in Crores (10 Million)	
	2011-2012	2010-2011
<b>Note -20</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Products		
Tyres	<b>6866.85</b>	5892.03
Tubes & Others	<b>550.75</b>	485.37
Sale of Services		
Royalty	<b>4.52</b>	3.73
Other operating revenues:		
Miscellaneous Income	<b>29.86</b>	29.42
Provision of earlier years, no longer required	-	4.87
	<b>7451.98</b>	<u>6415.42</u>
<b>Note -21</b>		
<b>OTHER INCOME</b>		
Income from Long-term Investments		
- Dividends	<b>0.01</b>	0.01
- Interest	<b>0.58</b>	0.55
Other Interest Income	<b>3.18</b>	6.54
	<b>3.77</b>	<u>7.10</u>
<b>Note -22</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Rubber	<b>3225.81</b>	2801.19
Reinforcement Material	<b>712.94</b>	646.20
Carbon Black	<b>511.52</b>	421.26
Chemicals & Others	<b>542.98</b>	513.95
	<b>4993.25</b>	<u>4382.60</u>
<b>Note -23</b>		
<b>PURCHASES OF STOCK-IN-TRADE</b>		
Tyres	<b>0.27</b>	1.07
Tubes	<b>22.27</b>	10.08
Flaps	<b>47.25</b>	37.02
	<b>69.79</b>	<u>48.17</u>
<b>Note -24</b>		
<b>(INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	<b>370.34</b>	212.96
Work-in-Progress	<b>58.67</b>	41.45
Stock-in-Trade	<b>6.90</b>	3.95
	<b>435.91</b>	<u>258.36</u>
	(A)	
<b>Closing Stock</b>		
Finished Goods	<b>280.39*</b>	370.34
Work-in-Progress	<b>61.87*</b>	58.67
Stock-in-Trade	<b>8.10</b>	6.90
	<b>350.36</b>	<u>435.91</u>
	(B)	
Differential Excise Duty on Increase / Decrease of Finished Goods	<b>2.37</b>	(12.74)
	(C)	
(Increase) / Decrease in Stocks (A-B-C)	<b>83.18</b>	<u>(164.81)</u>

\* Exclude Trial period stocks - Finished Goods ₹ 2.65 crs. and Work-in-Progress ₹ 4.95 crs.

**Note -25****EMPLOYEE BENEFIT EXPENSES**

	₹ in Crores (10 Million)	
	2011-2012	2010-2011
Salaries and Wages	<b>348.80</b>	325.04
Contribution to Provident and other Funds	<b>58.95</b>	59.04
Employees' Welfare and other Benefits	<b>94.62</b>	89.55
	<b>502.37</b>	473.63

**Note -26****OTHER EXPENSES**

Conversion Charges	<b>47.49</b>	67.42
Consumption of Stores and spares	<b>65.76</b>	59.83
Power and Fuel	<b>275.02</b>	238.44
Rent	<b>16.58</b>	8.75
Repairs to Buildings	<b>3.99</b>	8.10
Repairs to Machinery	<b>26.48</b>	21.38
Insurance	<b>7.61</b>	4.38
Rates & Taxes	<b>14.25</b>	12.43
Discount	<b>172.04</b>	160.58
Freight and Transportation	<b>156.55</b>	141.02
Advertisement and sales promotion	<b>49.92</b>	42.65
Royalty	-	7.11
Commission	<b>29.77</b>	26.54
Loss / (Profit) on sale of Assets (Net)	-	0.13
Provision for Diminution in value of long-term investments (2010-11: ₹ 41746)	<b>0.23</b>	
Bad Debts written off	<b>0.43</b>	-
Provision for Doubtful Debts / Advances	<b>4.04</b>	7.03
Bank Charges, Printing & Stationery, Postage, Telephone, Travelling, Directors' Fee and other Miscellaneous Expenses	<b>99.49</b>	108.70
	<b>969.65</b>	914.49

**Note -27****FINANCE COSTS**

Interest Expenses	<b>185.79</b>	114.79
Other Borrowing Costs	<b>1.71</b>	1.74
	<b>187.50</b>	116.53

**Note -28****DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation and Amortisation	<b>164.39</b>	151.83
Less : Transfer from Revaluation Reserve	<b>(43.34)</b>	(42.58)
	<b>121.05</b>	109.25

29. Estimated amount of contracts remaining to be executed on capital account ₹ 145.19 crs. (Previous year: ₹ 415.59 crs.).
30. Contingent liabilities in respect of claims not accepted and not provided for ₹ 48.87 crs. (Previous year: ₹ 45.81 crs.), pertaining to Excise duty matters in appeal ₹ 4.47 crs., Service Tax matters ₹ 0.04 cr., Sales Tax matters in appeal ₹ 5.59 crs., Income Tax matters in appeal ₹ 10.54 crs. & Other matters ₹ 28.23 crs. (Previous year: ₹ 4.45 crs., ₹ 1.49 crs., ₹ 3.40 crs., ₹ 6.76 crs. & ₹ 29.71 crs. respectively).
31. Bills discounted with Banks outstanding ₹ 12.53 crs. (Previous year: ₹ 13.65 crs.).
32. Excise Duty liability on account of valuation of Finished Goods is disputed and is yet to be determined. Without prejudice to the Company's stand in this behalf, as per Government's desire an adhoc amount of ₹ 5.45 crs. was paid under protest in earlier years and debited to 'Advances Recoverable' and an equivalent amount was provided in Profit and Loss Account. On Writ Petition filed by the Company in the Hon'ble Delhi High Court, the said Court directed the Excise Authorities to determine the valuation of finished goods in accordance with law and observations made in the order.
33. JK TSA has given Guarantee to a bank against counter indemnity from a body corporate in respect of non-fund based facilities outstanding at year end - ₹ 101.29 crs. (Previous year: ₹ 40.28 crs.).
34. In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.
35. The Company has worked out reversal of Modvat Credit availed on exports under Value Based Advance Licence in earlier years and reversed the same in accounts. Pursuant to special scheme announced by the Government, the Company has also paid interest on such reversals. Further, the Excise department has issued certain basis for reversal of Modvat, which is disputed and has been contested by the Company in a Writ Petition before the Hon'ble Delhi High Court and directions have been issued to treat the reversal already made by the Company as provisional.
36. Exceptional items include net impact of unfavourable Foreign Exchange Rate fluctuation ₹ 111.92 crs. (Previous Year: ₹ 6.58 crs. - credit), net gain on sale of certain assets ₹ 76.42 crs. (Previous Year: Nil), and expenditure on Voluntary Retirement Scheme (VRS) for the employees of ₹ 11.58 crs. (Previous Year: ₹ 0.63 cr.).
37. Earnings Per Share:
- |  | ₹ in Crores (10 Million) |           |
|--|--------------------------|-----------|
|  | 2011-2012                | 2010-2011 |
| a. Profit / (Loss) for the year  | (31.99)                  | 65.91     |
| b. Weighted average number of equity shares                                | 41059346                 | 41059346  |
| c. Basic and Diluted Earnings per equity shares (₹) (Face Value ₹ 10 each) |                          |           |
| - Cash   | 22.35                    | 44.06     |
| - After Tax  | (7.79)                   | 16.05     |
38. Debts over six months / Advances include ₹ 24.21 crs. (Previous year: ₹ 24.27 crs.), for which legal and other necessary action has been taken. In the opinion of the Management, these debts are recoverable and the same have been classified as good.
39. Auditors of a subsidiary company J. K. Asia Pacific Limited have invited attention towards recoverability in respect of amount due ₹ 0.75 cr. equivalent HK\$ 1124838 (Previous year: ₹ 0.66 cr. equivalent HK\$ 1124838) from an associate company.
40. Related Parties:
- a) Associates:  
 Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI)  
 Valiant Pacific LLC. (VPL)
- b) Key Management Personnel (KMP):  
 Dr. Raghupati Singhania Vice Chairman & Managing Director  
 Shri Bharat Hari Singhania Managing Director  
 Shri Vikrampati Singhania Dy. Managing Director  
 Shri Swaroop Chand Sethi Whole Time Director  
 Shri Arun Kumar Bajoria President & Director
- c) Enterprise over which KMP is able to exercise significant influence:  
 JK Lakshmi Cement Ltd. (JKLC)  
 Fenner India Ltd. (FIL)





The following transactions were carried out with related parties in the ordinary course of business:

₹ in Crores (10 Million)

Nature of Transactions	Associates	Enterprise over which KMP is able to exercise Significant Influence	TOTAL
<b>Purchase of cement from JKLC &amp; Spares from FIL</b>		<b>0.12</b>	<b>0.12</b>
Purchase of cement from JKLC & Spares from FIL		(0.12)	(0.12)
<b>Purchase of Capital Items from FIL</b>		<b>0.02</b>	<b>0.02</b>
<b>Purchase of Raw Material from VPL</b>	<b>184.46</b>		<b>184.46</b>
Purchase of Raw Material from VPL	(132.22)		(132.22)
<b>Sale of Capital items to FIL</b>		<b>87.78</b>	<b>87.78</b>
<b>Sale of Tyres to VPL &amp; JKLC</b>	<b>369.67</b>	<b>0.86</b>	<b>370.53</b>
Sale of Tyres to HASETRI, VPL - 258.87 & JKLC	(258.88)	(1.29)	(260.17)
<b>Sale of Stores to HASETRI</b>	<b>0.05</b>		<b>0.05</b>
Sale of Raw Material & Stores to HASETRI	(0.03)		(0.03)
<b>Sharing of Expenses received - HASETRI, JKLC &amp; FIL - 0.71</b>	<b>1.30</b>	<b>1.23</b>	<b>2.53</b>
Sharing of Expenses received - HASETRI, JKLC & FIL - 0.56	(1.24)	(1.04)	(2.28)
<b>Sharing of Expenses paid - JKLC &amp; FIL - 0.46</b>		<b>0.89</b>	<b>0.89</b>
Sharing of Expenses paid - JKLC & FIL - 0.46		(0.71)	(0.71)
<b>Services Availed - HASETRI - 10.34, VPL, FIL &amp; JKLC - 3.07</b>	<b>10.45</b>	<b>3.08</b>	<b>13.53</b>
Services Availed - HASETRI - 5.98, VPL & JKLC	(6.06)	(2.51)	(8.57)
<b>Loans / Advances given – HASETRI, FIL - 0.28 &amp; JKLC</b>	<b>0.67</b>	<b>0.34</b>	<b>1.01</b>
Loans / Advances given - HASETRI - 7.21, VPL, JKLC - 2.15 & FIL	(7.28)	(2.43)	(9.71)
<b>Loans / Advances recovered - HASETRI &amp; FIL</b>	<b>0.50</b>	<b>0.58</b>	<b>1.08</b>
Loans / Advances recovered - HASETRI - 2.70, VPL & JKLC	(3.03)	(0.60)	(3.63)
<b>Loans / Advances received - HASETRI, VPL, JKLC - 0.45 &amp; FIL</b>	<b>0.03</b>	<b>0.49</b>	<b>0.52</b>
Loans / Advances received - HASETRI, VPL, JKLC - 2.92 & FIL	(0.21)	(2.95)	(3.16)
<b>Loans / Advances repaid - VPL &amp; FIL</b>	<b>0.24</b>	<b>0.01</b>	<b>0.25</b>
Loans / Advances repaid - HASETRI, VPL, JKLC - 4.91 & FIL	(0.15)	(5.14)	(5.29)
Guarantee Given for VPL	(113.65)		(113.65)
<b>Lease Rent paid to FIL</b>		<b>0.04</b>	<b>0.04</b>
<b>Royalty income from VPL</b>	<b>4.52</b>		<b>4.52</b>
Royalty income from VPL	(3.74)		(3.74)
<b>Contribution to HASETRI</b>	<b>0.50</b>		<b>0.50</b>
Contribution to HASETRI	(2.75)		(2.75)
<b>Outstanding as at year end:</b>			
<b>Receivable:</b>			
<b>VPL - 48.67, JKLC 2.01 &amp; FIL - 87.83</b>	<b>48.67</b>	<b>89.84</b>	<b>138.51</b>
VPL - 47.68, JKLC - 2.13 & FIL - 0.09	(47.68)	(2.22)	(49.90)
<b>Guarantee Given on behalf of VPL</b>	<b>136.08</b>		<b>136.08</b>
Guarantee Given on behalf of VPL	(113.65)		(113.65)

Remuneration paid to Key Management Personnel (KMP) for the year ₹ 7.40 crs. (Previous year: ₹ 10.15 crs.).

Note: Figures in brackets represent previous year amount, wherever applicable.

41. Segment Information for the year ended 31st March, 2012  
Information about Primary Geographical Segments:

₹ in Crores (10 Million)

Particulars	India		Mexico		Others		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>1. REVENUE</b>								
External Revenue from Operation	<b>5643.71</b>	4830.13	<b>1303.39</b>	1148.65	-	-	<b>6947.10</b>	5978.78
Inter segment Sales	-	-	-	(0.01)	-	-	-	(0.01)
Total Sales	<b>5643.71</b>	4830.13	<b>1303.39</b>	1148.64	-	-	<b>6947.10</b>	5978.77
Other Income	<b>2.98</b>	2.87	<b>0.79</b>	4.23	-	-	<b>3.77</b>	7.10
<b>Total Revenue</b>	<b>5646.69</b>	4833.00	<b>1304.18</b>	1152.87	-	-	<b>6950.87</b>	5985.87
<b>2. RESULT</b>								
Segment result (PBIT) before exceptional items	<b>181.04</b>	203.22	<b>30.82</b>	19.81	<b>(0.28)</b>	(0.49)	<b>211.58</b>	222.54
Finance Cost	<b>170.43</b>	98.08	<b>17.07</b>	18.45	-	-	<b>187.50</b>	116.53
<b>Profit / (Loss) before Exceptional Items</b>	<b>10.61</b>	105.14	<b>13.75</b>	1.36	<b>(0.28)</b>	(0.49)	<b>24.08</b>	106.01
Exceptional Items	<b>1.65</b>	(13.47)	<b>(48.72)</b>	19.42	<b>(0.01)</b>	-	<b>(47.08)</b>	5.95
<b>Profit / (Loss) before Tax</b>	<b>12.26</b>	91.67	<b>(34.97)</b>	20.78	<b>(0.29)</b>	(0.49)	<b>(23.00)</b>	111.96
Income Taxes	<b>1.80</b>	30.35	<b>13.42</b>	19.06	-	-	<b>15.22</b>	49.41
<b>Profit / (Loss) after Tax</b>	<b>10.46</b>	61.32	<b>(48.39)</b>	1.72	<b>(0.29)</b>	(0.49)	<b>(38.22)</b>	62.55
Share of Profit in Associates	-	-	-	-	<b>6.23</b>	3.36	<b>6.23</b>	3.36
<b>Profit / (Loss) for the year</b>	<b>10.46</b>	61.32	<b>(48.39)</b>	1.72	<b>5.94</b>	2.87	<b>(31.99)</b>	65.91
<b>3. OTHER INFORMATION</b>								
Segment assets	<b>4294.41</b>	3481.48	<b>816.84</b>	795.14	<b>29.25</b>	23.11	<b>5140.50</b>	4299.73
Segment liabilities	<b>3657.85</b>	2804.58	<b>727.21</b>	636.71	<b>0.12</b>	0.10	<b>4385.18</b>	3441.39
Capital Expenditure	<b>689.11</b>	336.48	<b>9.22</b>	7.79	-	-	<b>698.33</b>	344.27
Depreciation	<b>101.41</b>	91.10	<b>19.64</b>	18.15	-	-	<b>121.05</b>	109.25
Non Cash Expenses Other than Depreciation	-	-	-	-	-	-	-	-

Notes:

- The Company has identified geographic segments as its primary segment and business segments as its secondary segment.
- Geographic segments of the company are India, Mexico and Others as its risk and returns are affected predominantly by the fact that it operates in different countries or other geographical areas.
- Business segments comprise of only one segment namely Tyre, Tubes & Flaps. Therefore, reporting as required under Accounting Standard (AS-17) - "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

42. Work in Progress:

	₹ in Crores (10 Million)	
	As at 31.03.2012	As at 31.03.2011
Compounds	<b>32.54</b>	32.65
Semi-finished Tyres	<b>17.38</b>	15.06
Others	<b>16.90</b>	10.96
	<b>66.82</b>	58.67

43. Figures less than ₹ 50000 have been shown at actuals in bracket.

44. Figures pertaining to Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Parent Company's Financial Statement.

45. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. Thus previous year figures have been reclassified / recasted suitably. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements except for presentation and disclosures, wherever required.

As per our report of even date

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

P.K. RUSTAGI  
Secretary

H.S. SINGHANIA  
Dr. RAGHUPATI SINGHANIA  
BHARAT HARI SINGHANIA  
VIKRAMPATI SINGHANIA  
SWAROOP CHAND SETHI  
ARUN KUMAR BAJORIA  
OM PRAKASH KHAITAN  
ARVIND SINGH MEWAR  
BAKUL JAIN  
VIMAL BHANDARI  
KALPATARU TRIPATHY

Chairman  
Vice Chairman & Managing Director  
Managing Director  
Directors

New Delhi, the 15th May, 2012



# JK TYRE & INDUSTRIES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2012

₹ in Crores (10 Million)  
2011-2012      2010-2011

### A. CASH FLOW FROM OPERATING ACTIVITIES:

Net profit / (loss) before tax	(23.00)	111.96
Adjustment for :		
Depreciation and Amortisation Expense	164.39	151.83
Transferred from Revaluation Reserve	(43.34)	(42.58)
Finance Costs	187.50	116.53
(Profit) / Loss on sale of assets	(76.42)	0.13
Foreign Exchange Fluctuation	53.64	(10.50)
Foreign Currency Translation gain / (loss) on Consolidation	(5.22)	(1.32)
Diminution in value of Investments (Previous Year: ₹ 41746)	0.23	
Interest / Dividend Received	(3.77)	(7.10)
Provision for Doubtful Debts / Advances & Balances Written off	4.47	7.03
Earlier Year Provisions no longer required	-	(4.87)
Operating Profit before working capital changes	258.48	321.11
(Increase) / Decrease in Trade and Other Receivables	(247.87)	(249.23)
(Increase) / Decrease in Inventories	42.95	(259.48)
Increase / (Decrease) in Trade and other Payables	321.84	247.39
Cash generated from Operations	375.40	59.79
Direct taxes (net)	(14.59)	(51.82)
Net Cash from operating activities	360.81	7.97

### B. CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	(623.89)	(297.39)
Sale of Fixed Assets	9.94	1.83
Movement in Loan	6.20	-
Purchase of Investments	(21.05)	(3.32)
Redemption of Investment	13.50	-
Interest Received	3.76	6.80
Dividend Received	0.01	0.01
Net Cash used in investing activities	(611.53)	(292.07)

### C. CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from borrowings	845.56	728.97
Repayment of borrowings	(372.29)	(272.48)
Finance Cost Paid	(219.50)	(132.88)
Dividend paid (including dividend tax)	(14.24)	(16.66)
Net cash from financing activities	239.53	306.95
Net increase in cash and cash equivalents	(11.19)	22.85
Cash and Cash equivalents as at the beginning of the year	114.47	90.99
Foreign Currency Translation gain / (loss) on Cash and Cash equivalent	1.65	0.63
Cash and Cash equivalents as at the end of the year	104.93	114.47

### Notes:

Cash and Cash Equivalents Include:

- Cash, Cheques on hand and Remittances in transit	68.92	78.68
- Balances with Banks	34.36	35.16
- Unrealised Translation gain / (loss) on Foreign Currency balances	1.65	0.63
Total	104.93	114.47

As per our report of even date

For LODHA & CO.  
Chartered Accountants

N.K. LODHA  
Partner

P.K. RUSTAGI  
Secretary

New Delhi, the 15th May, 2012

H.S. SINGHANIA  
Dr. RAGHUPATI SINGHANIA  
BHARAT HARI SINGHANIA  
VIKRAMPATI SINGHANIA  
SWAROOP CHAND SETHI  
ARUN KUMAR BAJORIA  
OM PRAKASH KHAITAN  
ARVIND SINGH MEWAR  
BAKUL JAIN  
VIMAL BHANDARI  
KALPATARU TRIPATHY

Chairman  
Vice Chairman & Managing Director  
Managing Director

Directors

**FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES**
**₹ in Crores (10 Million)**

Sl. No.	Name of the Subsidiary Company	Share Capital	Reserves & Surplus / (Accumulated Losses)	Total Assets	Total Liabilities	Details of Investments (other than Investment in Subsidiary Companies)	Turnover including other income	Profit / (Loss) before taxation	Income Tax expense	Profit / (Loss) after taxation	Proposed Dividend
1.	J.K. International Ltd	0.95	(0.94)	0.01	0.01	-	-	-	-	-	-
2.	J. K. Asia Pacific Ltd.	0.71	0.71	1.44	1.44	-	-	(0.02)	-	(0.02)	-
3.	J. K. Asia Pacific (S) Pte. Ltd. (Subs. of J. K. Asia Pacific Ltd.)	0.34	0.68	1.05	1.05	0.21	-	(0.04)	-	(0.04)	-
4.	Lankros Holdings Ltd.	26.31	0.18	26.84	26.84	-	-	(0.13)	-	(0.13)	-
5.	Sarvi Holdings Switzerland AG. (Subs. of Lankros Holdings Ltd.)	27.24	(1.42)	25.98	25.98	-	0.01	(0.10)	-	(0.10)	-
6.	JK Tornel S.A. de C.V. (JKTSA) (Subs. of Sarvi Holdings Switzerland AG.)	25.75	(185.45)	296.03	296.03	-	618.69	(26.02)	-	(26.02)	-
7.	Comercializadora América Universal, S.A. de C.V. (Subs. of JKTSA)	0.02	3.30	3.45	3.45	-	0.06	0.06	-	0.06	-
8.	Compañía Hulera Tacuba, S.A. de C.V. (Subs. of JKTSA)	0.41	63.65	128.93	128.93	-	6.13	1.20	-	1.20	-
9.	Compañía Hulera Tornel, S.A. de C.V. (Subs. of JKTSA)	81.85	(9.20)	578.19	578.19	-	1267.04	(19.72)	12.36	(32.08)	-
10.	Compañía Inmobiliaria Norida, S.A. de C.V. (Subs. of JKTSA)	1.48	147.55	158.66	158.66	-	6.82	3.40	-	3.40	-
11.	General de Inmuebles Industriales, S.A. de C.V. (Subs. of JKTSA)	0.05	32.72	35.89	35.89	-	3.65	2.65	0.65	2.00	-
12.	Gintor Administración, S.A. de C.V. (Subs. of JKTSA)	0.01	3.51	50.42	50.42	-	26.67	2.11	0.40	1.71	-
13.	Hules y Procesos Tornel, S.A. de C.V. (Subs. of JKTSA) (* ₹ 2056)	*	9.11	10.70	10.70	-	1.82	0.72	0.01	0.71	-

Converted at exchange rates as applicable.

The Company has complied with the conditions as stipulated by Ministry of Corporate Affairs, Govt. of India, New Delhi vide its General Circular No.2/2011 dated 8th February, 2011, whereby direction u/s 212(8) of the Companies Act, 1956 was issued granting general exemption from attaching the Accounts of Subsidiaries of the Company. However, annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the company and its subsidiaries seeking such information at any point of time. The annual accounts of the subsidiary companies are available for inspection by any investor at the Head Office of the Company and the concerned subsidiary.

# JK Tyre Promotes Road Safety



As a responsible Corporate, JK Tyre has been relentlessly working towards spreading awareness about "Safe Driving". For past many years, JK Tyre, has been partnering with Delhi Police and is promoting the first week of January as the "National Road Safety Week".

Taking this initiative to yet another level and after the successful inaugural edition of the JK Tyre - Constitution Club of India Car Rally for MPs, JK Tyre and the Constitution Club of India hosted the second edition of the rally which was flagged off by Hon'ble Vice President of India, Shri Hamid Ansari and the prizes were distributed by Smt. Jayanthi Natrajan, Hon'ble Minister for Environment & Forest.





# JK TYRE & MOTORSPORT



# JK RACING ASIA SERIES

Budd International Circuit, India  
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# BRAND COMMUNICATION



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**JET-TRAK DX 18 PR.**  
भारी लोड भी लगे आसान

# हवी लोड

रेत, कोयला, पक्कर  
रेत, लोहा, स्टील, सीमेंट  
सीमेंट, पक्कर, मार्बल पक्कर, रेत

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50% से भी कम टायर खर्च  
जबकि 20% से अधिक कार्गो टायर परीक्षण प्रमाण

New **JET XTRA**  
लोड उठाए, एक्स्ट्रा पक्कर लगाए.

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JETSTEEL JXL ENGINEERED TO CARRY PERISHABLES SAFELY WITH EXTRA MILEAGE

- For high bearing capacity
- Extra tread depth for long life
- Extra sipes for better grip
- Extra sipes for better grip

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- For high bearing capacity
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**JK RACING**

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# सौना-1 सुहागा

2

**JKTYRE SONA-1 टायर की खरीद पर दो साल की सेवानिवृत्ति वारेन्ट**  
खेत से या रोड JK सोना-1 टायर बने समस्त जगत्।

**THANK YOU FOR MAKING US A BIG PART OF YOUR WORLD.**



सौना-1 से ही हमें जगत् का सबसे बड़ा टायर बनना पड़ा है।  
100 करोड़ से अधिक टायरों की खरीद पर हमें यह अवसर मिला।  
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