



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

## NOTICE

NOTICE is hereby given that the sixtieth Annual General Meeting of the Members of **JK Tyre & Industries Limited** will be held at **Shripati Singhania Hall, Rotary Sadan, 94/2, Jawaharlal Nehru Road (Chowringhee Road), Kolkata -700 020** on Wednesday, 14th August 2013 at 11 A.M. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31<sup>st</sup> March 2013 and the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri Arun K. Bajoria who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri O.P. Khaitan who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following as Ordinary Resolution:  
"RESOLVED that M/s Lodha & Co., Chartered Accountants (Registration Number- 301051E), the retiring Auditors be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of the 60th Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of ₹18 Lacs (Rupees Eighteen Lacs only) in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."
6. To consider and if thought fit to pass, with or without modification(s), the following as Ordinary Resolution:  
"RESOLVED that Dr. Wolfgang Holzbach whose appointment on the Board as Additional Director determines on the date of the present Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To consider and if thought fit to pass, with or without modification(s), the following as Special Resolution:  
"RESOLVED that pursuant to the provisions of Sections 269, 309, 198, Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 or any statutory modification(s) or re-enactment(s) thereof, the reappointment of Shri Arun Kumar Bajoria as Whole-time Director with the designation "President & Director" of the Company for a period of 3 years with effect from 20th January 2013 be and is hereby approved on the terms and remuneration as set out in the explanatory statement annexed hereto which shall be deemed to form part hereof and in the event of inadequacy or absence of profits under Sections 349 and 350 of the said Act in any financial year or years, the remuneration comprising salary, performance linked incentive, perquisites, allowances and benefits, as approved herein be paid as minimum remuneration to the said Whole-time Director for a period not exceeding three years in the aggregate subject to requisite approvals under the said Act.  
RESOLVED FURTHER that the Chairman & Managing Director/Managing Director of the Company be and are hereby severally authorized to vary and/or revise the remuneration of the said Whole-time Director within the overall limit approved herein and to settle any question or difficulties in connection therewith or incidental thereto."

8. To consider and if thought fit to pass, with or without modifications, the following as Special Resolution:

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, if any, the Articles of Association of the Company be and is hereby altered by insertion of a new Article 170A after Article 170 in the Articles of Association of the Company as under:

Chairman and Managing Director/Whole-time Director/Chief Executive Officer

*Article 170A: An individual may be appointed or reappointed as the Chairman of the Company as well as the Managing Director or Whole-time Director or Chief Executive Officer of the Company at the same time."*

By Order of the Board

Regd. Office:

7, Council House Street

Kolkata-700 001

Date: 27<sup>th</sup> May 2013

Pawan Kumar Rustagi

Vice President (Legal)

& Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 5th August to 14th August, 2013 (both days inclusive).
3. The Dividend of ₹ 3.50 per Equity Share of ₹ 10/- each as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid between 3<sup>rd</sup>/4<sup>th</sup> week of August, 2013 to the Members whose names are borne on the Company's Register of Members on 14th August 2013 or to their mandatees. In respect of shares held in dematerialised form, the dividend will be paid on the basis of details of beneficial ownership to be received from the Depositories for this purpose.
4. APPOINTMENT OF DIRECTORS:

Brief resumes of the Directors proposed to be reappointed/appointed (item Nos. 3, 4 and 6 of the Notice) are given hereunder: -

- Shri Arun Kumar Bajoria, aged 68 years, holds Bachelor's Degree in Engineering (Mechanical) from BITS, Pilani and also holds Post Graduate Diploma in Advance Management from London Business School. He joined the Board of Directors of the Company on 20th January 2010 and was appointed as Whole-time Director with the designation "President & Director". Before that, Shri Bajoria was President of the Company. He has been associated with the Company since 1997 when erstwhile Vikrant Tyres Ltd. became a subsidiary. His other Directorships are- JK Tomel, S.A. de. C.V.; Hules Y Procesos Tornel, S.A. de C.V.; Compania Inmobiliaria Norida, S.A. de. C.V.; Compania Hulera Tacuba, S.A. de. C.V.; General De Inmuebles Industriales, S.A. de C.V. He is also a Member of Managing Committee of Hari Shankar Singhania Elastomer and Tyre Research Institute; Technological Institute of Textiles at Bhiwani and Pushpawati Singhania Research Institute for Liver, Renal & Digestive Diseases. His Director Identification No. is 00026540.
- Shri O.P. Khaitan, aged 69 years, holds Bachelor's Degree in Commerce and is also a Law Graduate and Attorney-at-Law (Solicitor) from Calcutta High Court. He joined the Board of Directors of the Company on 30<sup>th</sup> August 1974. He has been practicing as a solicitor and an advocate since 1967. He is also a Director of ECE Industries Ltd., Honda Siel Power Products Ltd., Shriram Pistons & Rings Ltd., Bengal & Assam Company Ltd., VLCC Health Care Ltd., Sharda Motor Industries Ltd., Howden Insurance Brokers India Pvt. Ltd., Nipshell Builders Pvt.

Ltd. and JKT&I Employees Welfare Association Ltd. Shri Khaitan is the Chairman of the Audit Committees of Sharda Motor Industries Ltd. and Shriram Pistons & Rings Ltd. and a member of the Audit Committees of ECE Industries Ltd., Honda Siel Power Products Ltd. and Bengal & Assam Company Ltd. Shri Khaitan is also the Chairman of Shareholders/Investors Grievance Committee of Bengal & Assam Company Ltd. and a member of Shareholders/Investors Grievance Committee of ECE Industries Ltd. and Sharda Motor Industries Ltd. (Chairmanship/Membership of Shri Khaitan in Committees of Directors in other companies are in terms of Clause 49 of the Listing Agreement). His Director Identification No. is 00027798.

- Dr. Wolfgang Holzbach, aged 63 years, holds a Doctorate Degree in Natural Science. He joined the Board of Directors of the Company on 6th November 2012. He has had a very long and distinguished career of 31 years with a leading international tyre company, where he was responsible for various strategic areas including Material Development, Quality Management, Manufacturing, Engineering and Technology. Besides wide knowledge and rich experience in manufacturing and tyre technology, he has international perspective. His other Directorships are – Nil. His Director Identification No. is 06422833.

5. Relationships between directors *inter-se*: Dr. Raghupati Singhania and Shri Bharat Hari Singhania are brothers and Shri Vikrampati Singhania is son of Shri Bharat Hari Singhania.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 6**

Dr. Wolfgang Holzbach was appointed as an Additional Director of the Company w.e.f. 6<sup>th</sup> November 2012. Pursuant to Section 260 of the Companies Act, 1956, Dr. Wolfgang Holzbach holds office upto the date of this Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 together with requisite deposit from a member of the Company proposing the name of Dr. Wolfgang Holzbach for appointment as a Director of the Company. Your Directors recommend this resolution for your approval. Brief resume of Dr. Wolfgang Holzbach is given in the notes appended to the Notice of this meeting.

None of the Directors, except Dr. Wolfgang Holzbach may be deemed to be concerned or interested in the proposed resolution.

**Item No. 7**

The Board of Directors has re-appointed Shri Arun Kumar Bajoria, as Whole-time Director with the designation "President & Director" for a tenure of three years commencing 20<sup>th</sup> January 2013 on the terms and remuneration set out hereunder subject to the approval of shareholders and such other necessary approvals, as may be required.

In terms of Schedule XIII to the Companies Act 1956, the relevant details are as under:

**I. General Information:**

- (1) Nature of Industry: Automotive Tyres and Tubes.
- (2) Date or expected date of commencement of commercial production: The first Tyre Plant of the Company commenced commercial production in the month of January 1977.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: NotApplicable
- (4) Financial performance based on given indicators:

Particulars for the financial year ended 31st March 2013	₹ In Crores
Sales and Other Income	6,015.21
Operating Profit (before Interest, Depreciation and Tax)	500.41
Profit Before Tax	150.31

- (5) Export performance and net foreign exchange earnings: The earning in foreign exchange by Exports for the year ended 31<sup>st</sup> March 2013 was ₹ 847 Crores. Extensive market network spread over 90 countries across 6 continents is the strength behind growth of global business.
- (6) Foreign investments of collaborators, if any: Not Applicable

II. Information about the appointee:

- (1) Background, Recognition or Awards details: Shri Arun Kumar Bajoria, aged 68 years, holds Bachelor's Degree in Engineering (Mechanical) from BITS, Pilani and also holds Post Graduate Diploma in Advance Management from London Business School. He joined the Board of Directors of the Company on 20th January 2010 and was appointed as Whole-time Director with the designation "President & Director". Before that Shri Bajoria was President of the Company. He has been associated with the Company since 1997 when erstwhile Vikrant Tyres Ltd. became a subsidiary and was instrumental in turning it around to a profitable entity. Shri Bajoria brings with him rich experience of managing and running manufacturing enterprises for about 45 years.

His other Directorships are- JK Tornel, S.A. de. C.V.; Hules Y Procesos Tornel, S.A. de C.V.; Compania Inmobiliaria Norida, S.A. de. C.V.; Compania Hulera Tacuba, S.A. de. C.V.; General De Inmuebles Industriales, S.A. de C.V., all of which are Mexico based wholly-owned subsidiaries of the Company and are part of leading tyre manufacturing company of Mexico.

He is also a Member of Managing Committee of Hari Shankar Singhania Elastomer and Tyre Research Institute; Technological Institute of Textiles at Bhiwani and Pushpawati Singhania Research Institute for Liver, Renal & Digestive Diseases.

Shri Bajoria is also a member of the Board of Governors of Madhav Institute of Technology and Science (MITS), Gwalior – one of the leading Engineering Colleges of India. He is also associated with several religious, educational and social service organizations and is a Trustee of Birla Institute of Medical Research.

- (2) Past Remuneration: The remuneration of Shri Arun Kumar Bajoria approved by the members of the Company at their Annual General Meeting held on 14<sup>th</sup> August 2010 is as under:
- (A) Salary: ₹ 6 Lacs per month with suitable increases as determined by the Chairman/Vice Chairman & Managing Director in the range of ₹ 3 Lacs to ₹ 6 Lacs per month.
- (B) Perquisites and other benefits: Perquisites comprising provision of residential accommodation or house rent allowance together with furnishings, gas, electricity and water, reimbursement of medical expenses incurred and Leave travel assistance for self and family, club fees, premium on personal accident insurance, car with driver, telephone at residence etc., and such other perquisites, benefits and allowances as may be approved by the Chairman/Vice Chairman & Managing Director. The perquisites shall be evaluated as per the actual cost or Income-tax Rules, as applicable.
- (C) Commission: 1% of the net profits computed under Sections 349 and 350 of the Companies Act 1956, subject to a ceiling of one hundred percent of annual salary.
- (D) In the event of inadequacy or absence of profits under Sections 349 and 350 of the Companies Act 1956, in any financial year or years, the said Whole-time Director with the designation "President & Director" shall be entitled to minimum remuneration comprising salary, perquisites and benefits as detailed above for a period not exceeding three years in the aggregate subject to requisite approvals as may be required.
- (E) The Whole-time Director with the designation "President & Director" shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling mentioned in para (D) above in terms of the provisions of Schedule XIII of the said Act:
- (i) Contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act 1961.
- (ii) Gratuity at the rate of 15 days salary for each completed year of service.
- (iii) Encashment of unavailed leave at the end of the tenure.

- (3) Job Profile and his suitability: Shri Arun Kumar Bajoria, Whole-time Director with the designation "President & Director" of the Company is vested with powers of management subject to the control, direction and superintendence of the Board of Directors, the Chairman and the Managing Directors of the Company.

The Company has grown manifold since commencement of automobile tyre/tubes business in 1975. Further, the Company has taken up Research & Development activities and exports in a big way besides expansion/debottlenecking at new greenfield and existing multi location plants. The Company has also acquired a large tyre manufacturing plant in Mexico in the year 2008. Consequently, the responsibilities of the managerial personnel have increased substantially with the growth of the Company.

- (4) Remuneration proposed: The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 30<sup>th</sup> October 2012 approved the terms of remuneration for the three years tenure of Shri Arun Kumar Bajoria commencing 20<sup>th</sup> January 2013 as under:-

(A) Salary : ₹ 6 Lacs per month in the salary range of ₹ 6 Lacs to ₹ 10 Lacs per month with such increments as may be decided by the Chairman & Managing Director/Managing Director of the Company from time to time.

(B) Perquisites, allowances and benefits: Perquisites comprising provision of residential accommodation or house rent allowance in lieu thereof together with furnishings, reimbursement of medical expenses incurred including hospitalization and surgical charges for self and family and travel relating thereto and leave travel including foreign travel for self and family, club fees, premium on personal accident insurance, car(s) with driver, telephone etc., and such other perquisites, benefits and allowances as may be decided by the Chairman & Managing Director/Managing Director of the Company. The perquisites shall be evaluated as per the actual cost or Income-tax Rules, as applicable.

The above perquisites, allowances and benefits will be as per the schemes, policies and the Rules of the Company as applicable from time to time subject to any change as may be decided by the Chairman & Managing Director/Managing Director of the Company.

(C) Performance linked incentive.

(D) Commission: 1% of the net profits computed under Sections 349 and 350 of the Companies Act, 1956 or any statutory modification thereto or re-enactment thereof (the Companies Act), subject to a ceiling of 100% of annual salary.

Items C and D above will be as may be determined by the Chairman & Managing Director/Managing Director of the Company from time to time.

(E) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per Rules of the Company.

(F) Gratuity at the rate of 15 days salary for each completed year of service.

(G) Encashment of unavailed leave as per Rules of the Company.

(H) The Board or a Committee thereof may, from time to time, increase, or vary the salary range, subject to the overall ceiling prescribed under the Companies Act.

(I) In the event of inadequacy or absence of profits under Sections 349 and 350 of the Companies Act in any financial year or years, the Whole-time Director shall be entitled to such remuneration as he may be then drawing, as specified in paras A, B and C above, as minimum remuneration and be also entitled to perquisites mentioned in paras E, F and G above.

The terms of remuneration set out hereinabove may also be treated as an abstract of memorandum of interest under Section 302 of the Companies Act, 1956.

- (5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: The executive remuneration in the industry is on the rise. The 'Remuneration Committee' constituted by the Board in terms of the said Schedule perused remuneration of managerial persons in the automotive tyre industry and other companies comparable with the size of the Company, industry benchmarks in general, profile and

responsibilities of Shri Arun Kumar Bajoria, before approving the remuneration as proposed hereinbefore.

- (6) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: Besides the proposed remuneration, Shri Arun Kumar Bajoria does not have any pecuniary relationship with the Company or with the managerial personnel.

III. Other Information:

- (1) Reasons of inadequate profits: At present, Company is having adequate profits. However, the appointment is for a term of three years commencing 20<sup>th</sup> January 2013 and the future trend in the profitability will largely depend on business environment in the domestic and global markets, cost of inputs and general state of economy as a whole.
- (2) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms: In order to revive economy, the government is contemplating several steps – such as, incentives for exports, reduction in Repo Rate, investment in infrastructural projects, etc. All these steps are expected to boost the economy which in turn will buoy the automobile sector. The Company has also taken several steps to further improve overall efficiencies and profitability. The Company is also continuously expanding its manufacturing base and is presently having nine manufacturing plants – six in India and three in Mexico, including a greensite plant near Chennai which recently commenced operations. The Company has also recently undertaken an expansion to enhance farm tyres capacity at its various plants. Capacity for small vehicle tyres is also being added to further enhance presence in this growing segment. The Company has also taken several other measures to conserve cost – namely, product rationalization, optimum utilization of working capital and conservation of energy, etc. All these measures will put the Company on the course of sustainable profitability and growth trajectory.

All these steps will contribute considerably to the growth of the Company and will help in meeting the growing demand of tyres.

The Resolutions is recommended to the shareholders for passing as Special Resolution.

None of the Directors of the Company other than Shri Arun Kumar Bajoria is in any way concerned or interested in the aforesaid Resolutions.

**Item No.8**

The existing Article 170 of the Articles of Association of the Company provides that the Directors may from time to time appoint/reappoint one or more of their body to be a Managing Director or Managing Directors (in which expression shall be included a Joint or Deputy Managing Director) or a Whole-time Director or Directors of the Company.

It is desirable to provide an explicit Article for appointment of an individual as the Chairperson of the Company as well as the Managing Director or Whole-time Director or Chief Executive Officer of the Company at the same time by insertion of a new Article 170A in the Articles of Association of the Company.

A copy of the Memorandum and Articles of the Company together with proposed alteration is available for inspection by members of the Company at its Registered Office between 11 A.M. and 1 P.M. on any working day, upto the date of the Annual General Meeting.

The Board recommends aforesaid resolution for the approval of the members by means of a Special Resolution.

Dr. Raghupati Singhania, Shri Bharat Hari Singhania, Shri Vikrampati Singhania, Shri S.C. Sethi and Shri Arun K. Bajoria may be deemed to be concerned or interested in the proposed resolution as managerial persons. None of the other Directors are in any way concerned or interested in the said resolution.

By Order of the Board

Regd. Office:  
7, Council House Street  
Kolkata-700 001  
Date: 27<sup>th</sup> May 2013

Pawan Kumar Rustagi  
Vice President (Legal)  
& Company Secretary

## FOR ATTENTION OF THE SHAREHOLDERS

- Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.**
- Please check the Pin code in the address slip pasted on the envelope and advise correction, if any, therein. Also please do indicate the Pin code Number of your delivery post office while notifying change in your address to the Company where shares are held in physical form. Re. dematerialized holdings please see Note No. 5.
- Shareholders seeking transfer of shares in physical form should furnish copy of PAN card of the Transferee to the Company/RTA for registration of transfer of shares.
- Multiple folios: Shareholders having multiple folios are requested to write to Company/RTA for consolidation of the folios.
- Dividend Warrants, Share transfer etc. :**  

Members who have not so far forwarded the details of Bank Account No. etc. are requested to advise the same quoting their Folio No.(s), name and address of the Bank, Account No. and name of Account holder(s) along with photocopy of a cheque duly cancelled for printing the relevant particulars on the Dividend Warrants, as deemed appropriate, to avoid fraudulent encashment of Dividend Warrants.

Members holding shares in dematerialised form should approach the Depository Participant with whom they are maintaining Account for change in address, bank mandate, nomination etc.
- In terms of the Circular No.51/12/2007-CL-III dated 8<sup>th</sup> February 2011 of the Ministry of Corporate Affairs, Annual Accounts of the subsidiary companies and the related detailed information will be kept open for inspection on all working days between 11.00 A.M. to 1.00 P.M. at the Head Office of the Company and of the concerned subsidiary companies.
- Unclaimed Dividends - Transfer to Investor Education and Protection Fund :**

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the unclaimed dividend will be transferred to the *Investor Education and Protection Fund* on expiry of 7 years from the date the dividend became due for payment as under :-

Dividend	Due date for transfer to the said Fund
➤Financial Year ended 30.09.2006 • 25% Dividend	29th March 2014
➤Financial Year ended 30.09.2007 • 27% Dividend	13th April 2015
➤Financial Year ended 31.03.2009 • 27% Dividend	17th September 2016

It may be noted that after the expiry of the said due date(s) for transfer of unclaimed dividend to the said Fund, no claim shall lie in respect of unclaimed dividend.

Members who have not encashed their Dividend Warrants for the said financial years and subsequent years are requested to send the same for revalidation to the Secretarial Department of the Company at New Delhi.

The unpaid dividend in respect of the prior period have already been transferred to the General Revenue Account of the Central Government or the *Investor Education and Protection Fund*, as the case may be, as per the provisions of the Companies Act, 1956 read with the relevant Rules framed thereunder.

8. **NOMINATION:** Pursuant to Section 109A of the Companies Act, 1956 individual Shareholders holding Shares in the Company singly or jointly may nominate an individual to whom all the rights in the Shares in the Company shall vest in the event of death of the sole/all joint Shareholders.

9.

**Important Communication to the Members**

Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative" by allowing paperless compliances by companies and has issued Circulars No. 17/2011 dated 21st April 2011 and No. 18/2011 dated 29th April 2011 stating that service of documents by a company can be made through electronic mode. This "Green Initiative" of the Government is commendable and will go a long way in protecting environment on sustainable basis. Your Company accordingly supports this initiative of the Government.

For achieving this objective, Members holding shares in physical mode and who have not yet registered their email addresses with the Company, are requested to get the same registered by writing a letter to the Company at Company's Registered Office or at Gulab Bhawan, 6A, Bahadur Shah Zafar Marg, New Delhi-110 002 giving their email-id, folio no., contact no., etc. Members holding shares in dematerialized mode may write to their respective Depository Participants for registering their email addresses.





Regd. Office : 7, Council House Street, Kolkata-700 001

**ADMISSION SLIP**

Folio No. or DP Id# / Client-Id #	
No. of Shares held	

I hereby record my presence at the 60<sup>th</sup> Annual General Meeting of the Company being held at **Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata-700 020 on Wednesday, the 14<sup>th</sup> August 2013 at 11.00 A.M.**

Name of the Member <i>(in block letters)</i>	
Name of the Proxy-holder/ Authorised Representative* <i>(in block letters)</i>	

\* Strike out whichever is not applicable.

# Applicable for investors holding shares in dematerialised form.

Signature of the Member/Proxy/Authorised Representative\*

- Notes:**
1. A member/proxy/authorised representative wishing to attend the meeting must complete this Admission Slip before coming to Meeting and hand it over at the entrance.
  2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered Office at least 48 hours before the Meeting.



Regd. Office : 7, Council House Street, Kolkata-700 001

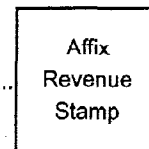
**PROXY FORM**

Folio No. or DP Id# / Client-Id #	
No. of Shares held	

I/We.....of  
 .....being a member/members of JK Tyre & Industries Ltd. hereby appoint  
 Shri / Smt. / Km.....of.....  
 or failing him/her Shri / Smt. / Km.....of.....  
 or failing him/her Shri / Smt. / Km.....of.....  
 as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 60<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, the 14<sup>th</sup> August 2013 at 11.00 A.M. and at any adjournment thereof.

Signed this.....day of.....2013

Signature (s).....



# Applicable for investors holding shares in dematerialised form.

**Note:** The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.

ANNUAL REPORT 2012 - 2013

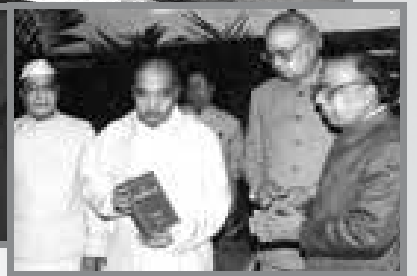
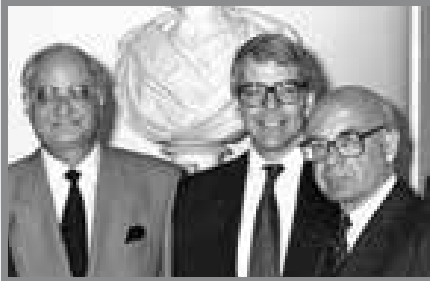
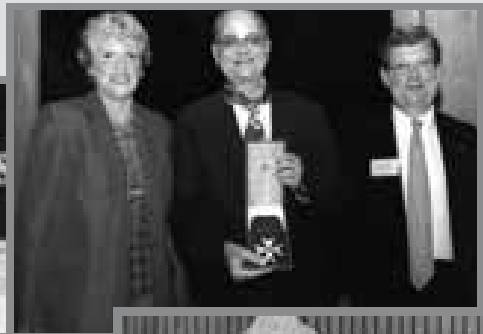


 **JK TYRE**  
& INDUSTRIES LTD.

*Our respectful homage to an extraordinary  
human being, an inspiring leader, remarkable industrialist  
and phenomenal business pioneer.*



SHRI HARI SHANKAR SINGHANIA  
20th June 1933 - 22nd February 2013  
PRESIDENT, J.K. ORGANISATION



## A GREAT LEADER & AN ICONIC INDUSTRIALIST

Leading industrialist, philanthropist and President of J.K. Organisation, Shri Hari Shankar Singhania, passed away on 22nd February 2013. Among his many stellar qualities was the ability to look into the future far better than most mortals could. Yet, in spite of his extraordinary business success, he always held close to his heart the well-being of human beings not as fortunate as him.

He was a doyen of Indian Industry, an institution builder, an entrepreneur, educationist, welfare protagonist and a visionary par excellence.

Hari Shankarji, who learnt the ropes of business under his illustrious father Late Lala Lakshmiptaji Singhania, was actively involved in J.K. Organisation, one of the oldest and largest business Groups in the country, from 1951 at the age of 18 years. He soon became well-known for his entrepreneurial capabilities and setting up various pioneering ventures in India.

Hari Shankarji was involved in establishing and overseeing the Group's diverse businesses such as aluminium, paper, steel, insurance, jute, paints, office equipment etc. Taking the growth of the Group forward, he set up various industries in several product categories such as Tyre, Cement, Automotive Products & Power Transmission Systems, Agri Genetics, Dairy Products, Sugar, Drugs & Pharmaceuticals, Textiles and more. Today, thanks to his leadership, many of these have emerged as leaders in their respective fields, manufacturing and marketing world class products. He took keen interest in ensuring that areas around industrial plants in particular, most of them being in backward areas, are developed for overall growth of the society at large.

His un-relenting focus on quality and customer satisfaction, and his belief "When it is good enough, improve it", built the culture of excellence in all the Companies within the JK Group.

He also established education and medical foundations which are running a number of schools, academies, university and hospitals across the country. These include the Pushpawati Singhania Research Institute (PSRI), a Super Speciality Hospital in Delhi, as well as the newly set up JK Lakshmiptaji University in Rajasthan which combines the serene settings of the Gurukuls of yesteryears with the technological advancements of the new age. He served as Chairman of Board of Governors of Indian Institute of Management, Lucknow for 15 years.

For his contribution in the field of commerce and industry, in the economic development of India, the President of India had conferred him with the

prestigious 'Padma Bhushan' award in 2003. In 2005, Hari Shankarji was awarded one of the highest Swedish awards - Royal Order of the Polar Star - by the King of Sweden for his contribution to the development of Indo-Swedish business relations.

Hari Shankarji was the second Indian to serve as the President of the International Chamber of Commerce (ICC), Paris, during 1993 & 1994. He was involved with Confederation of Asia-Pacific Chambers of Commerce and Industry, Taipei. He was the only Indian to be nominated on the Board of Atlas Copco, Sweden. He also held with distinction, and was the first Indian, to serve on the Board of the Commonwealth Development Corporation. He led various industry chambers and councils in India and abroad - Bharat Chamber of Commerce, Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM etc.

In his passing, we have lost not just a leader but an extraordinary human being.

His vision will continue to inspire us to strive towards ever-increasing heights in the years to come.

### THE FAR-SIGHTED VISIONARY

It was the early 70's and India was still a country highly dependent on the agricultural industry. Industrialization was at a nascent stage with the Indian economy developing at a very slow rate. One man, Shri Hari Shankar Singhania strongly believed that a vibrant road transport industry would be key for the economic development of the country. It was his belief that Tyres would be a crucial element needed to develop the automobile industry and with this vision he entered the automobile tyre business in 1972.

His vision soon became reality. The advent of the J.K. Organization on the industrial landscape of India almost coincides with the beginning of an era of industrial awareness and the setting up of a dynamic Indian industry. Under his stewardship, the J.K. Organisation kept pace with the winds of modernization and indeed transformed itself into the contemporary Industrial Giant that it is today.

With this commitment, he set up the first JK Tyre Plant at Jaykaygram, Kankroli in Rajasthan, in the year 1975, with an initial capacity of 5 lac tyres per annum.

In the words of Shri Hari Shankarji, "We have always believed in offering Indian consumers the latest products incorporating modern technologies that deliver value and satisfaction." With setting up of this India's first Radial Tyre Plant, with world class manufacturing facilities, the Tyre Industry in India was revolutionized forever. With this landmark achievement, JK Tyre proudly boasts of being the pioneer of radial technology in India and manufacturers of first ever Steel Belted Radial tyres for Passenger Cars in India.

Constantly developing and innovating, and keeping pace with the growth of the Automotive Industry in India, in 1991, JK Tyre set up another tyre plant in Madhya Pradesh. In 1997, Vikrant Tyres, an ailing company, a State of Karnataka undertaking was acquired and turned around to a profitable venture in a year's time.



Foundation Stone laying of JK Tyre Plant in Kankroli, 1975

Inaugurating Truck Radial Plant in Mysore

Opening of Employees Recreation Centre, 1981

Inaugurating JK Tyre Plant in Chennai, 2012



To establish JK Tyre's mark on the global map, in 2008, JK Tyre made its first global acquisition, by acquiring Tormel Tyres, a leading tyre manufacturer in Mexico. With this acquisition, JK Tyre has been put on the global map of tyre manufacturers across the world.

Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI)-Asia's foremost Research & Development centre was founded after his name by the Company. The primary goal of this autonomous institute is to foster the development and evolution of new technologies for rubber and allied industries for domestic and international markets and also to develop technical manpower for the industry.

Under Hari Shankarji's leadership, the Company made stupendous growth. Today JK Tyre has grown multifold and has nine manufacturing plants – six in India and three in Mexico, with a total capacity of producing 20 million tyres per annum and with a consolidated turnover of ₹ 7,560 Crores. The Company is also an exports powerhouse with a global presence in 90 countries across 6 continents. JK Tyre is the undisputed leader in Radials segment and a household name in India.

## THE PHILANTHROPIST

*"People are not pulled from the front or pushed from behind...they are driven from within."*

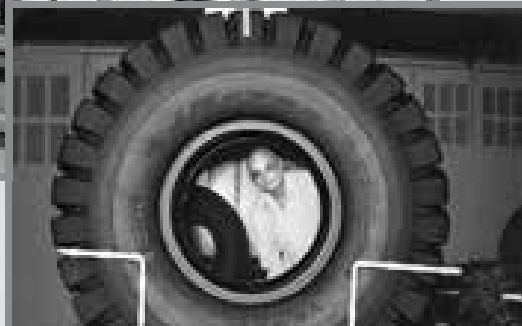
Shri Hari Shankarji always believed in the philosophy of improving the quality of life of people and societies at large, while setting up industry, particularly in backward areas. With this objective, the Group has established a number of Education, Health and Social Welfare Centers and Institutes across the country, including Education at Ekal Vidyalayas, running and supporting various schools in the rural areas. Six ITIs under PPP Model were adopted, and SC/ST Girls hostels supported. He was the inspiration behind undertaking exemplary projects like 'Parivartan' & 'Natal care' for Women and 'Adult Literacy programmes' for illiterates. Several mobile clinics, medical and eye camps are being organized regularly, for needy people of the areas around our manufacturing facilities. He was keen on development of green areas, water harvesting etc., around industrial establishments, as a measure towards protecting the environment. The Company has adopted several environment friendly practices and has been bestowed with numerous green tech safety and environment management awards.



Silver Jubilee Celebration, 2003



Tyre Plant visit along with Directors



Inspecting Off-The-Road Tyre at Mysore Plant

## **CONTENTS**

Chairman & Managing Director's Message	5
Board of Directors	7
Directors' Report	8
Management Discussion and Analysis	18
Corporate Social Responsibility	26
Corporate Governance Report	30
Auditors' Report	34
Balance Sheet and Profit & Loss Account	36



Dear Fellow Shareholders,

First of all, I share with you the profound grief on the sad demise of our Chairman Shri Hari Shankar Singhania. It was his vision that JK Group entered Tyre business and under his stewardship, JK Tyre has attained a leadership position in India. We pray for his noble soul to rest in eternal peace and commit ourselves to follow his ideals and take forward this journey that he envisioned.

Indian economy slowed down during the year with GDP recording growth of merely 5%. Automotive sector was impacted severely which led to subdued demand for tyres.

Despite this, your Company has been able to improve its performance significantly by focusing on cost reduction and other profitability measures, while sustaining its sales.

JK-Tornel, Mexico, a wholly owned subsidiary of your Company has also achieved good results and has contributed significantly to the Profits of the Company.

The new all Radial Tyre Plant at Chennai was fully operational and its output will add significantly to the turnover and profits of the Company in years ahead. This will further reinforce your Company's radial leadership in Truck/Bus Radials and Passenger Car Radials.

Your Company continues to pursue growth strategy through investment in technology in the growing competitive scenario in India and abroad. Towards this end, your Company's R&D centres closely work in partnership with various academic institutions for technology development and with raw material suppliers to develop special material for sustainable growth.

Customer satisfaction continues to be the focus area for your Company. Several new initiatives have been taken to enhance the quality of service to our valued customers.

I foresee better economic activity in the current year. With easing of interest rates and inflation to some extent, automobile sector should post improved performance. This augurs well for tyre industry in the years ahead.

I would like to thank our customers, channel partners, each and every member of Team JK Tyre, and other stakeholders for their continued and unflinching support in our endeavours.

I would also like to thank you, our dear shareholders for your continued support in the growth of the Company.

Best regards,

Raghupati Singhania  
Chairman & Managing Director





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



## **BOARD OF DIRECTORS**

---

Dr. Raghupati Singhania  
Chairman & Managing Director

Arvind Singh Mewar

Bharat Hari Singhania  
Managing Director

Om Prakash Khaitan

Bakul Jain

Kalpataru Tripathy

Vimal Bhandari

Dr. Wolfgang Holzbach

Vikrampati Singhania  
Dy. Managing Director

Swaroop Chand Sethi  
Whole-time Director

Arun K. Bajoria  
President & Director

---

### AUDITORS

Lodha & Co.  
Chartered Accountants

### BANKERS

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

### PLANTS

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

### 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)**

# DIRECTORS' 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 2013.

## OPERATIONS

Your Company achieved a turnover of ₹ 6,015 Crores. Operating Profit for the year was ₹ 500 Crores, higher by 77% and Profit Before Tax at ₹ 150 Crores, recorded a multifold increase over the previous year.

The Company alongwith its wholly owned subsidiary-JK Tornel, Mexico achieved a consolidated Turnover of ₹ 7,570 Crores during the year. The consolidated Profit Before Tax for the year was ₹ 264 Crores.

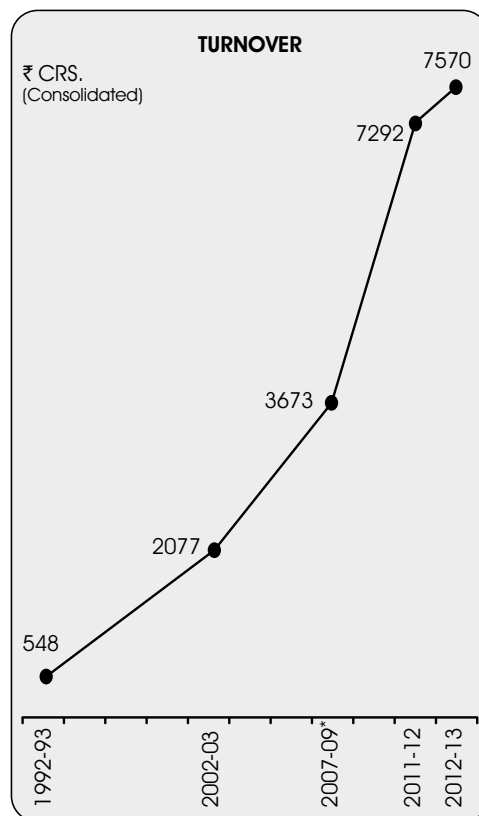
The Indian economy slowed down considerably during the year with GDP recording a growth of merely 5%. This coupled with high rates of interest prevailing during the year, adversely affected the automotive sector in particular. Several commercial vehicle manufacturers resorted to heavy production cuts. Growth in Passenger Car sales, lowest in the decade, was barely 2.5%. Consequently, demand for tyres slowed down both for Commercial as well as Passenger segments.

Your Company continued its thrust towards enhancing quality of service to its customers through new offerings of value added products and providing tyre care, through a wide network of exclusive outlets. Improvement of various operating parameters coupled with cost compression measures, in the backdrop of softer raw material prices, helped the Company to improve its profitability significantly.

Interest rates and inflation pressures have eased to some extent. With the expected revival of the economy, the outlook for the current year is promising.

## DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 3.50 per Equity Share of ₹ 10 each (i.e. 35%) on the Equity Share Capital of ₹ 41.06 Crores. The Dividend outgo will be ₹ 16.81 Crores (inclusive of dividend tax of ₹ 2.44 Crores).



\*Annualised

## APPROPRIATIONS

The amount available for appropriation, including surplus from previous year is ₹ 144.06 Crores. The Directors propose this to be appropriated as under:

	(₹ Crores)
General Reserve	60.00
Dividend	14.37
Corporate Dividend Tax	2.44
Surplus carried to Balance Sheet	67.25
	144.06

## **DIRECTORS**

Your Directors express their profound grief and sorrow on the sad demise of Shri Hari Shankar Singhania, President, J.K. Organisation on 22nd February 2013. Shri Singhania joined the Board of the Company in the year 1974 and was Chairman of the Board ever since. Shri Singhania, who learnt the ropes of business under his illustrious father Late Lala LakshmiPatji, was actively involved with J.K. Organisation since 1951, from the young age of 18 years, and held various positions, before he assumed the Chairmanship of various Companies. Shri Singhania contributed immensely not only in the growth of your Company but also in the industrialization and economic development of India. In recognition, he received numerous prestigious Indian & International awards. Yours Directors pay their respectful homage and tribute to this extraordinary human being, a great leader, an iconic industrialist and a leading statesman.

The Board of Directors at its meeting held on 27th May, 2013 appointed Dr. Raghupati Singhania as Chairman of the Board of Directors of the Company. Dr. Raghupati Singhania shall now be Chairman & Managing Director of the Company.

Shri Arun K. Bajoria and Shri O.P. Khaitan retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

The Board of Directors appointed Dr. Wolfgang Holzbach as an Additional Director pursuant to Section 260 of the Companies Act, 1956 with effect from 6th November 2012. In terms of the said section, Dr. Holzbach will hold office as Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing candidature of Dr. Holzbach for being appointed as a Director, liable to retire by rotation. The Board recommends appointment of Dr. Holzbach as a Director.

## **CHENNAI PLANT**

Production at the All Radial new Tyre Plant at Chennai (CTP) ramped up during the year. The additional 2 lac per annum Truck/Bus radials expansion taken up last year at CTP was also completed and commissioned. Further expansion of Passenger Car Radial(PCR) capacity has been undertaken at CTP and is progressing well.

With the expected improvement in market conditions during the current year, along with the availability of full output from CTP, JK Tyre's radial leadership position will be significantly strengthened.

## **JK TYRE DRIVING AHEAD**

Despite slowdown of the automotive sector, JK Tyre made significant strides :





- Consolidated turnover including JK Tornel, Mexico at ₹ 7,570 Crores.
- Consolidated profit (PBT) at ₹ 264 Crores.
- Total Exports from India and Mexico at ₹ 1,340 Crores, recording an increase of 31%.
- JK Tyre continues to be the Leader in Truck/Bus Radials - More than 6 Million JK Truck/Bus Radials already on the roads.
- All Radial new Tyre Plant at Chennai went on stream.
- Jaykaygram Tyre Plant achieved a rare distinction of becoming the First Tyre Plant in Asia and Second Tyre Plant in the World, to receive ISO 50001 Energy Management System Certification from British Standard Institution. Subsequently, Tyre Plants at Mysore also received ISO 50001 Energy Management System Certification from British Standard Institution.
- JK Tyre made its debut in the racing circuits of Europe as part of 2nd edition 'JK Racing Asia Series' and thus putting the country in the International racing arena.
- JK Tyre is the First Indian Company to acquire Federation of Internationale Automobile accredited series.

## EXPANSION

With the growing demand for Company's Farm tyres, it has undertaken an expansion to enhance Farm tyre capacity at its various plants. Capacity for Small Commercial Vehicle tyres is also being added to enhance its presence in this growing segment.

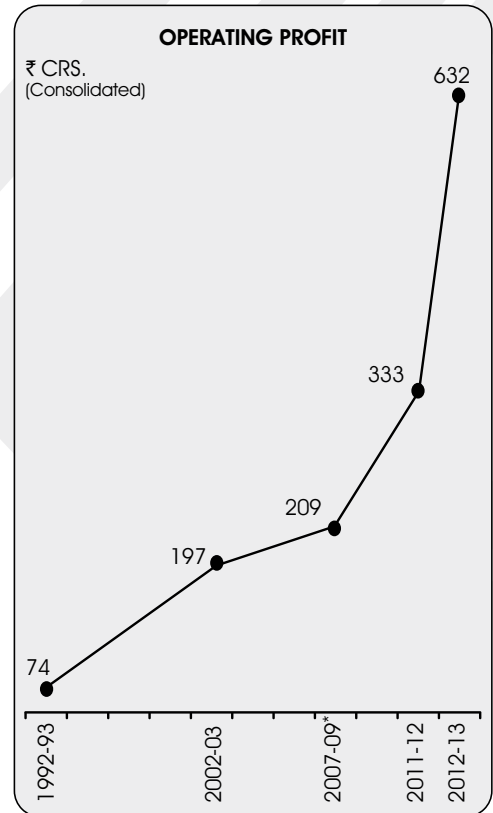
## EXPORTS

JK Tyre achieved an export turnover of ₹ 847 Crores from its Indian plants, highest ever, recording a growth of 44% over the previous year. Your Company exports tyres to 90 countries and has established 'JK Tyre' as a reliable and trustworthy brand, which enjoys premium status in major markets.

## JK TORNEL

JK Tornel continued to make new inroads in the various markets and achieved a turnover of 3859 million pesos (₹ 1572 Crores) and Profit Before Tax(PBT) of 271 million pesos (₹ 116 Crores) for the year 2012.

Apart from serving the Mexican domestic requirements, JK Tornel exports tyres to both North and South American markets extensively. On the OEM front, it serves leading car manufacturers in both Mexico as well as USA. Plans are afoot to enhance the PCR capacity to meet the growing demand for its tyres.



\*Annualised

## CUSTOMER FIRST

Over the years, your Company has taken several initiatives to enhance the quality of service to its valued customers, such as, in Truck/Bus segment – Fleet Management, 'JK Tyre Truck Wheels' service centers and 'JK Tyre Care' centers. These services were further strengthened and enlarged during the year. These centers offer One-Stop solution for Truck/Bus tyre customers, like, Wheel Alignment, Wheel Balancing and Nitrogen Inflation etc.

Fleet Management service was enriched with the launch of 'Heal the Wheel' service camps conducted across the country. Engaging with the customers at various fora helps the Company getting customer

feedback on products and services leading to co-creation of new initiatives.

In the Passenger Car Segment, JK Tyre has launched India's first tyre breakdown assistance service called 'Fix-a-Tyre'. Your Company has been operating a chain of one-stop retail & tyre care outlets - 'JK Tyre Steel Wheels'. These provide services like Wheel Alignment, Balancing and automatic tyre changer, besides offering a wide range of JK Tyre Passenger Car Radials, under one roof.

### JK TREADS

As reported in earlier years, your Company entered the business of offering retreading solutions to its customers, in particular to Truck & Bus operators Chain of franchisee retreaders offering 'JK Treads', has been further enlarged to help customers using Truck/Bus radials to derive maximum life and optimum value of this superior product.

### R&D and TECHNOLOGY

Your Company pursues growth strategy through Technology Edge in the ever growing competitive scenario in India as well as globally where its products are sold. Towards this end, Company's R&D Centers closely work in partnership with various academic institutions for technology development, with raw material suppliers to develop specific application oriented materials, and with Global OEMs for sustainable development and growth.

The R&D efforts of the Company are focused in the field of advanced material, alternative material, nano technology, process & product simulation, predictive technology, advanced tyre mechanics including tyre characterization and other relevant areas. It's in-house R&D Centers work in close association with Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI), a premier scientific and industrial research organization (SIRO), as also 'RPS Centre of Excellence for Tyre & Vehicle Mechanics', a unique industry-academia joint venture, located at IIT Madras.

Various R&D facilities and the JK Tyre Tech Centre are

driven by highly competent and dedicated team of scientists, engineers and technologists.

### ACCREDITATIONS

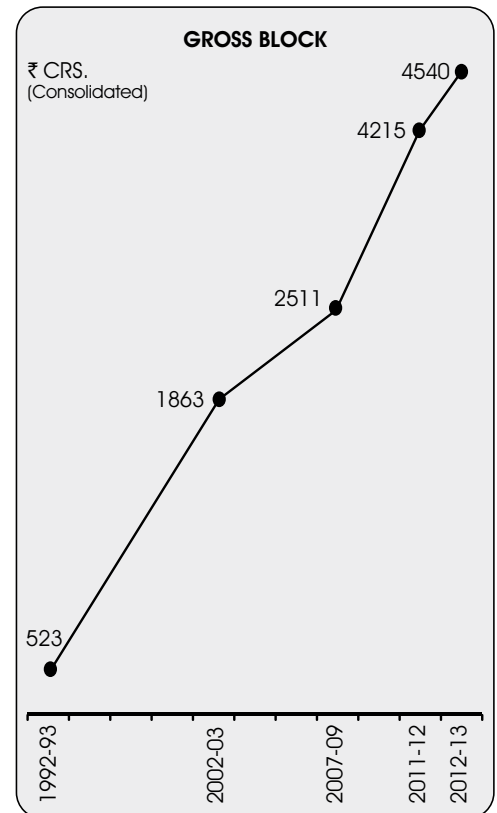
JK Tyre has since its inception, been making continuous endeavours towards achieving excellence in all areas of its operations.

Besides maintaining ISO/TS-16949 Quality Management System for Automotive Industry, Environment Management System ISO-14001:2004 and OHSAS-18001:2007 certification; several improvement initiatives like Total Productive Maintenance (TPM), Manufacturing Excellence, Sustainability, Social Accountability (SA-8000) etc. have been undertaken to pursue green environment.

During the year, your Company's Jaykaygram Tyre Plant and Mysore Tyre Plants have received ISO 50001 Energy Management System Certification from British Standard Institution. Jaykaygram Tyre Plant has achieved this rare distinction of becoming the first Tyre plant in Asia and the second Tyre plant in the world. Chennai Tyre Plant has received letter of Conformance for TS-16949 certification.

### MOTORSPORTS

JK Racing Asia Series made its debut in Europe and hosted three rounds in World's renowned European Circuits, in the year under review. It also participated in



the Formula 1 Indian Grand Prix as a support race for the second consecutive year.

JK Tyre continues to sponsor 'JK Tyre National Racing Championship' and 'JK Tyre National Karting Championship' for the 16th consecutive year. To support grassroots' level rallying, JK Tyre organised inaugural edition of 6 round JK Tyre National TSD Rally Championship. For the third consecutive year, JK Tyre along with Constitution Club of India organized the car rally for the Members of Parliament(MPs), in which several MPs and Union Ministers participated.

### **AWARDS**

Your Company received several coveted accolades during the year. To mention a few, 'Greentech Environment Award – 2012' in Gold category, 'Greentech Safety Award 2012', Award for 'Water Efficiency Unit' by CII, Award for Organization with Innovative HR Practices from Asia Pacific HRM Congress.

### **CONSERVATION OF ENERGY ETC.**

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

### **SUBSIDIARY COMPANIES**

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

The statement pursuant to Section 212 of the Companies Act, 1956 read with General Circular No.

51/12/2007-CL-III dated 8th February, 2011 of the Ministry of Corporate Affairs, containing the details of the Company's subsidiaries is attached.

In terms of the said Circular dated 8th February, 2011 and the Company having satisfied the conditions stipulated therein, copies of the Balance Sheet, Profit and 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.

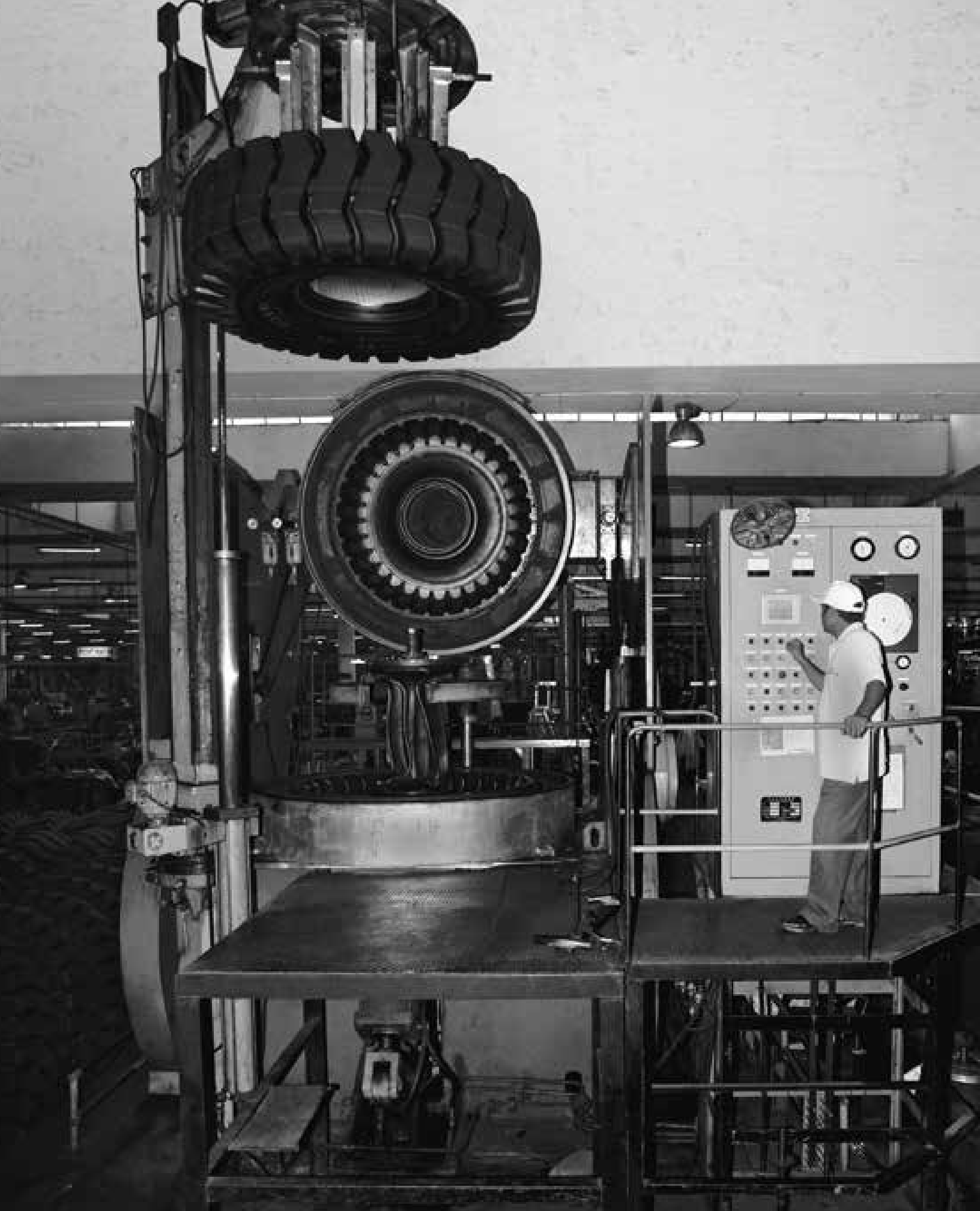
### **COST AUDIT**

The Cost Audit for the financial year ended 31st March 2012 was conducted by M/s R.J. Goel & Co., Cost Accountants, Delhi and as required, Cost Audit report was duly filed with Ministry of Corporate Affairs, Government of India. The Audit of the Cost Accounts of the Company for the financial



LakshmiPat Singhania – IIM, Lucknow 'National Leadership Awards' – Hon'ble President of India Shri Pranab Mukherjee with distinguished winners





year ended 31st March 2013 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.

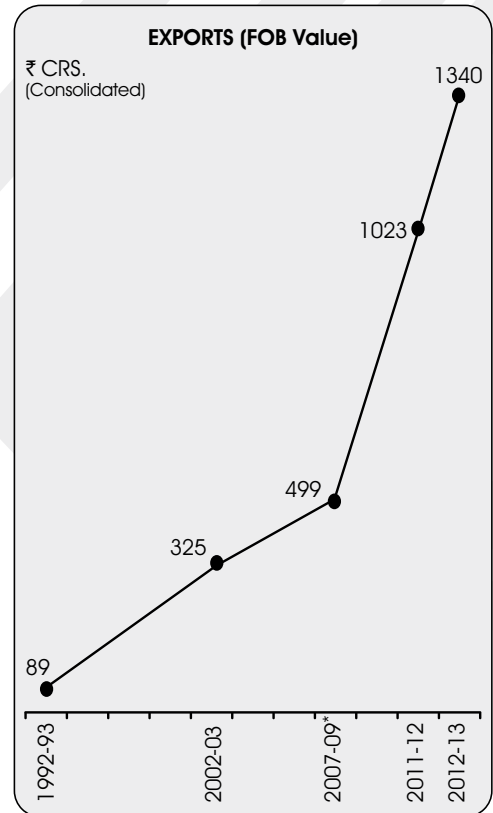
## DIRECTORS' RESPONSIBILITY STATEMENT

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.



\*Annualised

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued support and co-operation received from several State Governments including those of Rajasthan, Madhya Pradesh, Karnataka, Tamil Nadu and the Governments of India and Mexico. The Directors thank our valued customers, business and channel partners, bankers and other stakeholders for their continued support.

Your Directors also record their appreciation for the dedication and commitment of 'Team-JK Tyre' which has enabled the Company to continue to forge ahead and grow.

On behalf of the Board of Directors

The 27th May 2013  
New Delhi

Dr. Raghupati Singhania  
Chairman & Managing Director

# ANNEXURE TO DIRECTORS' REPORT

## A. ENERGY CONSERVATION

The Company continues to invest in latest energy efficient systems towards Energy Conservation. The new systems include improved insulation on curing press, pipelines, installation of variable frequency drive (VFD), installation of energy efficient compressors, pumps, lighting, waste heat recovery including condensate recovery, counter flow cooling towers, replacement of inefficient steam traps, extensive activity on plugging all leakages, water harvesting, water recycling etc. including usage of solar energy for water heating and day light.

The above measures have enabled the Company to achieve reduction in power and fuel consumption per unit of production.

## B. TECHNOLOGY ABSORPTION

### a) Research & Development

#### i) Specific areas in which R&D is carried out by the Company

The major thrust of R&D efforts is to develop product with stringent performance requirements such as continual reduction of cost per km through high mileage, low rolling resistance compounds with better traction, high speed capability.

During the year under review, R&D team focused on evaluation of new materials including development of alternate cost effective material, development of new products, design cycle time reduction through Simulation and Predictive techniques, development of new process and product with respect to Quality, cost productivity in addition to modification of plant & machinery for improved equipment productivity and last but not the least in various projects concerning energy, environment and water conservations.

#### ii) Expenditure on R&D

The expenditure on R&D during the year was ₹ 32.29 Crores, which was 0.54% of the turnover.

## b) Technology, Absorption and Innovation

### i) Efforts towards Technology Absorption, Adaptation and Innovation

"RPS Centre of Excellence for Tyre & Vehicles Mechanics (RPS CoE)" – joint venture initiative established by JK Tyre at IIT Madras which is one of the largest private sector funded projects in the country between industry and academic institution, for carrying out different innovative Research Projects for tyre industry using Simulation & Predictive Techniques. Professionally qualified and well trained team of your R&D Centre utilize the facilities available at RPS CoE including advanced powerful computer tools and the scientific knowledge of the faculty members and able to successfully adopt, adapt and absorb latest global technologies as well as best practices for improving the productivity and quality of its product and services.

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

The Company has derived significant benefits as a result of above efforts in the areas of cost optimization, improved product reliability and durability and use of advanced simulation and predictive techniques for design optimization and improved product performance. These efforts will greatly benefit the Company in the times ahead as well.

## C. EXPORT, FOREIGN EXCHANGE EARNINGS AND OUTGO

	₹ Crores	
	2012-13	2011-12
Foreign Exchange Earnings	864.78	595.33
Foreign Exchange Outgo	1,688.24	1,704.15

## PARTICULARS OF CONSERVATION OF ENERGY

### I. Power & Fuel Consumption

	2012-13	2011-12
<b>1. Electricity</b>		

#### a) Purchased:

Unit (Kwh in lacs)	1790.83	1866.55
Total Amount (₹ in Crores)	100.79	102.28
Rate / Unit (₹)	5.63	5.48

#### b) Own Generation:

##### Fuel Oils

Unit (kwh in lacs)	3.82	6.31
Unit / Ltr. of Fuel Oil (kwh)	6.42	2.22
Cost / Unit (₹)	16.16	11.23

#### c) Turbo Generator:

##### Thru Coal

Unit (kwh in lacs)	405.64	377.13
Unit / MT of Coal	780.30	727.92
Cost / Unit (₹)	6.88	6.99

### 2. Coal

Quantity (MT)	196007	201977
Total Amount (₹ in Crores)	100.07	99.99
Average Rate (₹/MT)	5105	4951

### 3. Furnace Oil

Quantity (KL)	1579	3373
Total Amount (₹ in Crores)	6.20	12.37
Average Rate (₹/Ltr.)	39.26	36.67

### II. Consumption per unit of production :

Electricity (kwh/MT)	930	947
Coal/Furnace Oil	0.59	0.62



Dr. Raghupati Singhania presenting the Indian Car of the Year award to Mr. Marc Nassif, Country CEO & MD, Renault India Private Limited



Mr. Amit Nandi, Vice President - Pro Biking, Bajaj Auto receiving the Indian Motorcycle of the Year award from Dr. Raghupati Singhania



Dr. Raghupati Singhania & Arun K. Bajoria with Chief Minister of Karnataka at Global Investors Meet

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS ENVIRONMENT

The worldwide slowdown is affecting many developed as well as emerging economies and Indian economy being globally integrated is no exception. In the year 2012-13, the Indian economy grew at merely 5%, the lowest in a decade.

Various segments of the Indian industry, particularly the automotive sector, have been hit resulting in low industrial activity. Ban on mining, high interest rates & high inflation rates and rising fuel prices have impacted the automotive demand.

## AUTOMOTIVE INDUSTRY

Sales of commercial vehicles [Truck & Bus, Light Commercial Vehicles(LCV) & Small Commercial Vehicles(SCV)] in the year 2012-13, registered a growth of merely 0.5%, against 23% in the previous year. While the Medium & Heavy Commercial Vehicle(M&HCV) volumes declined by 24%, LCV (including SCV) continued to sustain its growth momentum, with LCV segment growing year on year by 15%.

Low cargo availability, weak investment sentiment and significant fleet capacity addition over the past three years, has impacted overall sales of M&HCV's, where the sharpest contraction in demand is in higher

tonnage trucks such as tippers, tractor trailers and multi application vehicles(MAVs).

The passenger vehicle [Car + Multi Utility vehicle(MUV)] sales witnessed a muted growth of 3%, due to sluggish economic activity, hit by inflation, high fuel prices and financing costs. The small car industry also witnessed a downturn during the year.

In the absence of a major growth trigger, the tractor market continued to be elusive during the year, with sales registering a degrowth of 3% on account of an inadequate monsoon, weaker farm inflows, a softer demand from non-agricultural segments, and the increase in cost of ownership marked by high interest rates and hike in prices of tractors and diesel.

## INDIAN TYRE INDUSTRY

Mobility in India is rapidly improving and with it, the Indian tyre Industry has gone through a metamorphosis on the back of R&D infrastructure & product development, skilled manpower, growth opportunities and globalization.

Global Tyre Majors continue to establish their presence in India. Over the years, domestic Tyre companies through enhanced capacities, continuous investments in R&D, introduction of global standard products,



JK Tyre Annual Bankers' Meet

have built up their capabilities to match the global competition, across the range.

India's large market has immense potential for growth, with an expected Industry turnover of about ₹ 50,000 Crores. In terms of the segment mix, the Replacement market contributed around 67%, OEM accounted for 22% and exports were 11%. In the tyre segments, Truck & Bus commanded 50% of the Industry Turnover.

Domestic demand of 4-Wheeler tyres in year under review, was impacted by the economic downturn and subdued growth in the Automotive industry. A 13% reduction in the Truck/Bus segment demand, followed by Tractor segment that was lower by 12%, and the passenger car segment that has reduced by 2%, illustrate a major decline. In contrast, the LCV, including SCV tyre demand grew by 18%.

During the year, Radialisation in Truck & Bus Segment accelerated further to 22%, with improved road infrastructure and thrust by OEMs. It is estimated that by the FY 2015-16, the segment would cross the 50% mark.

Correction in Natural Rubber prices have positively impacted the Tyre Industry. This will help in improving the margins, which were under strain for quite some time.

## JK TYRE - INDIA OPERATIONS

Over the last couple of years, the Company has put in measures to drive business growth, including the commissioning of the new All Radial Chennai Tyre plant. JK Tyre has taken several structured initiatives to create more value for the Company's customers and end users.

Brief overviews of the Company's various business initiatives, across all categories, are outlined below:

### Truck & Bus Segment

In a milieu of stiff domestic and global competition, the Company has held on to its market leadership position in the Truck & Bus Radial segment and continues to drive the radial revolution in India, by increasing its participation in high-radialised segments like OEM & STUs.

The Company has introduced an array of new products for various applications with a view to



Dr. Raghupati Singhania with ACE Club Channel Partners



Service Camp for Defence personnel at Palampur, H.P.



India's first one-of-its kind 24x7 On-Road Tyre Assistance Service



accelerate radialisation in the replacement market. Additionally, the Company strives to further improve the performance of its existing product lines, to offer better value to its customers.

Products are being designed & developed to deliver higher fuel efficiency & lower cost per km advantage, while services are designed to hand hold customers and help them to increase efficiency and reduce operating costs. In this regard, the Company's unique Fleet Management program & 'JK Tyre Truck Wheels' continues to benefit the partner fleets.

During the year, the Company developed and expanded its Fleet Management operations by offering 'Total Solutions' to its customers. The team of highly skilled & specialized professionals regularly inspects tyre health and advises the partner fleets on corrective measures to be undertaken to enhance tyre life. They also assist the fleets in choosing the right set of tyres for their specific applications.

In addition to this revolutionised Fleet Management system, a network of nine 'JK Tyre Truck Wheel' centers has been established over a period of 3 years, to act as a one-stop shop for the customer, with a range of value added services, such as wheel alignment, wheel balancing, nitrogen filling, tyre repair and retread services.

The Truck/Bus Bias tyre segment is witnessing an organic de-growth, however, the Company has improved its presence by offering new premium products to its customers. A premium Lug tyre 'Jet Xtra' gained significant volumes in a span of one year. Furthermore, Company's premium offering in the Rib segment (Jet R Miles) continues to command market leadership.

### **Passenger Car Radials**

The consumer satisfaction levels have improved for Company's Passenger Radial range of products. Renewed emphasis was laid on brand building, an enhanced brand experience and expansion of its distribution network. Advertising extensively in vernacular newspapers and FM Radio amplified the

message and increased its brand presence beyond the metro cities.

The Company launched its Ultra High Performance Tyres – 'Vectra UX1' – at its Ace Club Dealer Meet 2012.

In order to increase customer connect and enhance its Brand-Experience, JK Tyre launched the 'Fix A Tyre' service, India's first and only 24x7 on road tyre assistance service in Delhi NCR. The service targeted towards car drivers, especially women, who may experience tyre malfunction in extreme conditions, received excellent response. The Company introduced a consumer scheme "The Tyre Se Trip Offer", to increase footfall at all retail outlets and induce Brand-Switch at the point of purchase.

The Company made concerted efforts on expanding its distribution network, with emphasis on emerging markets. Also focusing on its branded retail outlet network – 'JK Tyre Steel Wheels', 15 new retail outlets were added in the last year.

### **Farm Tyres**

Focussed efforts were made by the Company to enhance its presence in this segment increasing its penetration in the rural markets, particularly in several farm-dominated states. It also participated in various Kisan Melas to increase its brand visibility.

The concept of rural brand ambassadors – 'Sona Singh' - a marketing innovation in the farm tyre segment, helped the Company increase its sales volumes. Efforts to increase premium SKUs sales in the replacement market were initiated in the Farm segment through special consumer-schemes.

### **LCV & SCV Tyres**

LCV tyres witnessed a double digit growth, despite adverse economic conditions. Within the LCV, SCV or the Sub-One-Tonne Segment, has been growing at a faster pace. The Company had a first mover advantage and innovated this segment market, by introducing a broader tyre (165 D 12 Jumbo Ace & King), in the Cross Ply segment, capable of carrying extra load. Your Company commands market leadership in this segment. Several new products were



introduced, thus positioning the Company with the widest range of tyres for SCVs.

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

As is known, JK Tyre is a leading manufacturer of Ultra Large Off the Road tyres(OTRs), and has pioneered the manufacture of India's largest tyre size - 40.00-57, 12 ft in diameter, weighing approximately 3700 kg's, for high end rear dump trucks of 240 TONS capacity. It is the only manufacturer of this Largest tyre in the country. The Company is an OEM (Original Equipment Manufacturers) vendor and has established its presence of Ultra Large OTR tyres in the international markets as well.

### **OEM & Institutional Business**

During the year, JK Tyre enlarged its presence in the OEM segment by commencing supplies of its Passenger and Truck/Bus Radials to several leading global auto manufacturers. As is known, your Company partners with all major leading OEMs in India, across the range of vehicles i.e., Trucks, Buses, LCVs, SCVs, Passenger Cars, MUVs, Farm equipment and Multi Application vehicles.

It is a leading supplier to the various State Transport Undertakings(STUs) and the Defence segment.

### **Motorsport**

The year was action packed as Brand JK Tyre made its debut in the racing circuits of Europe as part of the 2nd edition JK Racing Asia Series. The European rounds ran as support races to world class events such as Blancpain's endurance series, the famous 24 hrs of SPA and the British GT series.

Our brand ambassadors established the presence of JK Tyre in the international area. Aditya Patel won the 24 hours of Nurburgring endurance event. Armaan Ebrahim became the first Indian to participate in the Indy Car Series. Karun Chandhok participated in the world endurance championship.

In India, JK Racing series ran as a support race to the 2nd edition of Formula-1 Indian Grand Prix.

The MMS Rotax Rookie Cup 2012, and National Rotax Max Karting Championship continued to provide entry to new talent.

JK Tyre National Racing Championship has completed 15th year of its successful running.

The third JK Tyre Constitution Club of India Parliamentarian Car Rally 2012, was flagged off by Hon'ble Vice-President of India Shri Hamid Ansari in which over 50 members of parliament participated.

The Mahindra Adventure - JK Tyre 'Tri-Nation Escape 2012' flagged off from New Delhi, traversed through three countries - India, Nepal & Bhutan.

### **Recognising Excellence**

JK Tyre recognises excellence in the automotive industry and in the seventh year in succession, the Company sponsored the prestigious Indian Car of the Year award (ICOTY) and the Indian Motorcycle of the Year Award (IMOTY), which are presented to the best vehicles adjudged in a glittering ceremony every year.

### **Retread Business**

The Company ventured into the retreading business in 2009, with an objective to popularise the concept of "Total Tyre Life" (cradle to grave), and reduce transporters cost per km. During the year, the Company doubled its retread capacity and has further expanded its franchise network to 158.

### **GLOBAL PRESENCE**

The Company aggressively pursued profitable exports and expanded its global footprint, inspite of political and economic challenges confronted within the Middle East, African and South Asian markets. This could be possible due to premium 'JK Tyre' brand status and committed long term distribution network in over 90 markets around the world. The Company achieved total export sale of ₹ 1,340 Crores, from both India and Mexico recording a growth of 25% compared to the export of ₹ 1,023 Crores in the previous year. The introduction of new products from JK Tornel, Mexico helped build sales in American markets with an enhanced product portfolio.

## FINANCIAL PERFORMANCE OF THE COMPANY

Particulars	₹ Crores	
	2012-13	2011-12
Sales & Other income	6,015.21	5,987.96
Operating Profit (PBIDT)	500.41	282.97
Interest	206.53	170.43
Profit Before Tax (PBT)	150.31	12.80
Provision for Tax/(Credit)	44.77	1.80
Net Profit	105.54	11.00

During the year, the Company crossed another milestone by achieving sales of over ₹ 6000 Crores. The profit of the Company has grown multifold through improvement in all round efficiencies, various cost reduction measures aided by correction in the raw material cost to some extent.

## HUMAN RESOURCE

The Company has always considered its human resources as strategic and valuable assets for sustaining and growing in a competitive environment and firmly believes that a positive mindset and innovative thinking can lead to business excellence. Hence, the Company continues to maintain a sharp focus on all dimensions of human resource management and development.

Your Company has invested significantly in some of the world's best HR practices such as talent management programs for developing leadership pipeline for sustaining future growth, executive coaching for developing leaders, creating mentoring culture in the organisation by developing internal coaches, competency mapping, assessment and



JK Tyre at Specialty Equipment Manufacturer Association (SEMA) Show, Las Vegas, U.S.A.



JK Tyre at Automechanica, Dubai, UAE



JK Tyre at Kisan Mela, Karnal, India

development center, 360 degree feedback and management development programs, etc.

During the year, industrial relations at all our manufacturing plants remained cordial. Long-term agreements have been entered into at two manufacturing locations.

### **JK TORNEL, MEXICO – SUBSIDIARY COMPANY**

The Company continues to perform well with sales for the year 2012, at 3859 million pesos (₹ 1572 Crores) and Profit Before Tax (PBT) at 271 million pesos (₹ 116 Crores), recording a multifold increase, compared to the preceding year. Despite a slowdown in North American markets, JK Tornel could sustain volumes by increasing its exports to South American markets. Plans are on the anvil to expand the Passenger Car tyre capacity to meet the growing demand from the global OEMs.

### **OPPORTUNITIES**

Despite economic uncertainties prevailing for quite sometime, there is renewed optimism and forecast for the Indian economy in particular is encouraging. It is clear that fundamentals of India's growth story are intact though intermittent ups and downs will continue.

Huge investment is underway in the automotive sector in the country for enhancing capacities across various segments. It is believed that the present low vehicle penetration offers potential opportunities and the factors such as lifestyle aspirations, focus on organized retail, large investment for developing and improving road infrastructure, etc., will propel the demand of automobiles in the passenger car as well as commercial vehicle segments. India is also emerging as a hub of automobile manufacturing for catering to the export markets. These factors will create huge demands for automotive tyres in the times to come.

Your Company is poised to participate in the growth opportunities and is well placed to leverage on its strengths, such as – in-house Research & Development Centre, strategically located manufacturing facilities in India and abroad, wide dealership network, brand equity, competencies to cater to different segments

of the market, presence in 90 countries across six continents, etc.

### **RISKS AND CONCERNS**

The demand of automotive tyres has strong relationship with the general economic conditions prevailing in the country as well as in the global market. Any adverse development in the economy impacts off-take of tyres. Adversity could be on account of tightening of monetary policy owing to inflationary conditions, fluctuations in crude oil prices, volatility in exchange rates, etc.

Almost all major tyre manufacturers are expanding their manufacturing capacities in Truck/Bus Radial segment. Therefore, slower radialization could pose a serious challenge and aggravate competition pressure.

With the persistent tightening of monetary policy pursued by the Reserve Bank of India to contain inflation, sale of passenger cars and commercial vehicles have fallen considerably. This is impacting off-take of automotive tyres and its impact will continue to be felt in the resale market in the coming times as well. Although, the inflationary pressure is showing signs of relenting a bit, the same, however, remains in the realm of uncertainty and any reversal of the trend, either owing to failure of monsoon or fluctuation in the currency rates or fluctuation in the crude prices, etc. will abate the trend.

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

### **BUSINESS OUTLOOK**

While the economic activity in the year 2012-13 was subdued which largely affected the automotive and in turn the tyre industry, the outlook for the current year looks to be optimistic in the expectation of higher economic growth. Government's recent initiatives to encourage investment in various segments of the economy aided by slight reduction in interest rates will bring back capital expenditure, which had almost dried up in the last two years. This augurs well for the Indian economy. Car manufacturers are going ahead

with their planned expansions and are expected to invest about ₹ 11,000 Crores in the next two years. As a result, demand for tyres is expected to grow in the years ahead.

## INTERNAL CONTROL SYSTEMS

The Company has well-established internal control systems which are commensurate with the size and nature of its operations. The Company has an Internal Audit Department which prepares the audit programmes of all Units/Offices to cover significant areas to ensure conformance with internal checks and controls. The Internal Audit Department carries out extensive audits throughout the year covering all areas of operations. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors implementation of audit recommendations.

The Company has implemented ERP systems connecting all plants, sales offices and head office enabling seamless data and information flow. With the help of these systems, the Company has further strengthened the internal controls.

The Company also has robust Budgetary Control System and Management Information System (MIS) which are backbone of the Company for ensuring that your Company's assets and interests are safeguarded.

## 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 Racing - Audi Team wins 24 Hours Nurburging Endurance Race, 2012



Dr. Raghupati Singhania crowning the winners of the JK Racing Asia Series during Formula 1



JK Treads providing wide range of retreading solutions for Truck/Bus Tyres

# CORPORATE SOCIAL RESPONSIBILITY

It is a matter of pride that the J.K. Organization since its inception, has believed in the philosophy of development of people and societies at large, while setting up industry, particularly in backward areas.

At JK Tyre, enabling people in the journey of life has been a sustained process over the years leading to a robust societal engagement by addressing basic needs of people in the areas of health, drinking water, education, adult literacy, environment as also development of community infrastructure, road safety and sports. Dedicated personnel have been deployed to carry out the extensive and structured Corporate Social Responsibility program at JK Tyre.

## HEALTH CARE

The long standing 'Parivartan' project in association with the Population Foundation of India for Reproductive and Child Health Activities cover 60 villages in Rajasthan. The extensive outreach program is provided through mobile clinics and since 2004, 2 lacs patients have been benefited. During the year, 529 clinics for the purpose were held. It is a matter of great satisfaction that the child mortality rate has significantly declined over the years in the areas of the project operation.

To address the rapidly escalating eye diseases in the Mewar Region, particularly in Rajsamand District, expert eye care has been extended to provide relief. Eye Care has also been extended at Banmore in association with the "Kareh Dham Ashram" during the year and about 550 eye operations were successfully conducted. In addition, free medical checkup camps were organized in the villages in the vicinity of all our plants in various States.

Truckers and their helpers continue to be vulnerable to HIV and AIDS. The effort to create awareness of preventive measures has been pursued over the years, in association with a NGO. A number of clinics have been supported by JK Tyre on high density traffic locations and over 1.75 lacs people have availed of the facility. JK Tyre continues to fully fund two "JEEVAN KIRAN" clinics at Transport Nagar, Jaipur and other at Shahpura on NH-8 which have seen footfalls of over 16,000 people.

Internalising the awareness of Prevention of HIV/AIDS has received equal focus. In collaboration with the International Labour Organization, awareness programs for employees and truck drivers visiting plants have been conducted. Till date more than 12,000 employees and 2,000 truck drivers have been



JK LakshmiPat University, Jaipur

covered under such programs.

Clean Drinking water and sanitation are basic necessities for health. In the vicinity of Chennai Tyre Plant water bodies have been desilted and cleaned, and drinking water made available for the villagers.

In the peak summer season when there is acute water shortage, more than 20 tankers per day water is supplied to villages near Mysore. In addition water huts are also maintained for public use at various locations. At Kankroli 'Sulabh Sochalayas' have been constructed in 5 villages.

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

## EDUCATION

To Quote Swami Vivekanand, "Education is the manifestation of perfection in Man". This sets a huge agenda for society at large. At JK Tyre the support to education extends from the primary to the highest level of education. The LakshmiPat Singhania Senior Secondary School at Jaykaygram, Rajasthan, has Digital Interactive Smart Classes from LKG to Class XII. The school also support students from weaker sections of the Society. The school is ISO-9001:2008 and ISO-14000:2004 certified. Taking it forward to promote higher education, JK Tyre has supported the establishment of JK LakshmiPat University in Jaipur, Rajasthan.

However, there is a large section of society who are unable to avail education in their childhood. This has been a major focus area through the 'Adult Literacy Program' which has been carried out at all our plant locations and has benefited 23,000 people since inception through its 51 Adult Literacy Centres. It is rewarding that more than 6,000 women benefited of literacy, and 450 such women successfully, even passed the basic literacy evaluation test conducted by Human Resource Ministry, Government of India, and were awarded certificates by the authorities.

At Mysore the Adult literacy program has been extended at 7 villages, including the Central Prison



JK Tyre educates inmates of Central Prison at Mysore



'Parivartan' - a healthcare programme for mother & child in rural areas



Adult Literacy Programme



# ACCOLADES

## Environment

1. Greentech Environment Award 'Gold Category'
2. Runners up for "Good Green Governance Award"
3. Kankroli Plant Awarded water efficiency unit by CII for 'Excellence in Water Management'
4. Greentech Environment Gold Award 2012 in Rubber Sector
5. Energy Management System Certification – ISO 50001 : 2011 from British Standard Institution
6. First tyre unit in India awarded "Green Co Bronze" rating by CII

## Quality

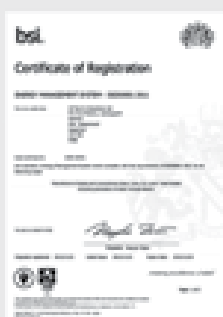
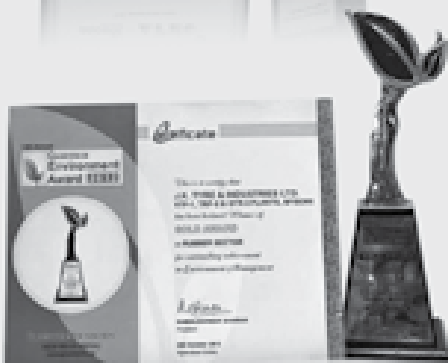
1. Award of Excellence for Quality Circle (NCQC 2012) – IIT Kanpur
2. Award for Best Model of Quality Circle (NCQC 2012) – IIT Kanpur
3. Awarded one Gold and five Silver trophies in Kaizen competition organized by QCFI

## HR

1. Award for "Organisation with Innovative HR Practices" by Asia Pacific HRM Congress

## Safety

1. Greentech Safety Award - 2012



of Mysore. At the Central Prison, more than 5,500 inmates have been enabled since 2006 and their quality of life has significantly improved.

The Company has also supported the cause of education by adopting the government school at Noorabad, in Madhya Pradesh, and has also taken affirmative action by adopting Jyotiba Phule Govt. SC/ST Girls Hostel at Kankroli, Rajasthan, and infrastructure has been upgraded at both locations. The Company continues to support Ekal Vidyalayas in 11 remote villages of Rajasthan wherein more than 500 students are studying. At Mysore career counselling has been provided to 525 students.

In addition, 3 ITIs have been adopted under public private partnership (PPP) scheme. These are located at Nathdwara, Rajasthan; Maddur, Karnataka and Sabalgarh, Madhya Pradesh.

## ENVIRONMENT

All Plants have maintained the highest level efficiency in conserving resources especially energy and water. Both Jaykaygram and Mysore Plants have been awarded with the Green Tech Environment Award in the Gold category. JK Tyre, Jaykaygram is the first Tyre plant in India and the second tyre plant in the world to receive the ISO 50001:2011 certification from British Standard Institution for Energy Management Systems. Subsequently, the same certification was awarded to all three plants of JK Tyre's Vikrant plant at Mysore.

As a responsible green citizen nearly 6 lacs trees were planted in and around the manufacturing facilities of the Company to improve and enhance the ecological balance. Green Islands are being maintained at various traffic circles, public roads, gardens, shamshan ghat etc.

Free emission test camps for vehicles, & workshops in association with Pollution Control Board / RTO are regularly conducted.

## ROAD SAFETY

Road Safety is an area of great concern – almost a threat to humanity. Realising this, JK Tyre has been doing its bit to create awareness about the Road Safety, in different sections of society, across the country.

Regular road safety campaigns on major highways, expressways and in metros, in association with various



Pushpawati Singhanian Research Institute, New Delhi

authorities, are conducted across the country, and literatures have been made available at large scale.

Every year, under the aegis of the Ministry of Surface Transport, JK Tyre, partners with the Delhi Traffic Police to celebrate National Road Safety Week, to convey the message of road safety to Delhi citizens.

In fact, our commitment to road safety awareness was taken to highest level, where JK Tyre has even involved the Parliamentarians - the lawmakers of the nation. In 2012, JK Tyre partnered for the third time with the Constitution Club of India and organised a 'Car Rally of the Parliamentarians'. The theme of the Car Rally was "Safe Driving", which yet again emphasised the importance of road safety.

Our mass media campaign, with India's youngest F1 driver Karun Chandhok, is directed at educating the people particularly on road safety. This effort has already received international recognition.

## PROMOTING SPORT

JK Tyre has made significant investment in promoting motorsport and bringing it closer to the common man. The structured program includes identifying and encouraging talent and unleashing its potential. Young children have graduated through the JK Tyre Karting program which has been made very affordable. JK Tyre also continues to support a Karting Track for the Indian Army at Udhampur.

Infrastructure is vital to development of sport. A State level stadium has been developed at Kankroli to facilitate various sports events, where District and State level tournaments are regularly held.



# CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

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

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

## 2. BOARD OF DIRECTORS:

The Board of Directors presently consists of Eleven Directors, of which five are Executive Directors and six are Non-Executive Directors(NED), all being Independent Directors(IND). Four Board Meetings were held during the twelve months period from 1st April 2012 to 31st March 2013 i.e., on 15th May 2012, 30th July 2012, 30th October 2012 and 7th February 2013. 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	2	Yes	N.A.	N.A.	N.A.
Dr. Raghupati Singhania, Chairman & Managing Director ≠	Executive	4	Yes	7	2	1
Shri Arvind Singh Mewar	IND	4	Yes	-	-	-
Shri Bakul Jain	IND	4	Yes	2	1	-
Shri Kalpataru Tripathy	IND	4	Yes	-	-	-
Shri O.P. Khaitan	IND	4	Yes	7	5	3
Shri Vimal Bhandari	IND	4	Yes	7	2	3
Dr. Wolfgang Holzbach #	IND	1	N.A.	-	-	-
Shri Bharat Hari Singhania, Managing Director	Executive	4	Yes	3	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	-	-	-

\* Shri Hari Shankar Singhania, Chairman (Non-executive, Promoter) passed away on 22nd February 2013.

≠ Dr. Raghupati Singhania, Vice Chairman & Managing Director, has been appointed as Chairman of the Board of Directors, w.e.f. 27th May 2013. He shall now be 'Chairman & Managing Director' of the Company.

# Dr. Wolfgang Holzbach was appointed as an Additional Director of the Company w.e.f. 6th November 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). All the Board Members and Senior Management Personnel have affirmed compliance with the said Code. This Report contains a declaration to this effect signed by Dr. Raghupati Singhania, Chairman & Managing Director.

### 3. AUDIT COMMITTEE :

The Company has an Audit Committee of Directors since 1986. 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 2013.

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

Date of the Meeting	Number of Members attended
15th May 2012	3 ∞
30th July 2012	4
30th October 2012	4
7th February 2013	4

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

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

∞ The Board nominated Shri Bakul Jain as a Member of the Audit Committee immediately after meeting of the Audit Committee was held on 15th May 2012.

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 2013.

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

Date of the Meeting	Number of Members attended
15th May 2012	4
30th July 2012	4
30th October 2012	4
7th February 2013	4

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

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

Shri PK Rustagi, Vice President (Legal) & Company Secretary is the Compliance Officer. During the financial year ended 31st March 2013, the Company has received one Investor complaint through SCORES and the same has since been resolved. 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 2013, 23 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 Vimal Bhandari, all being Non-executive Independent Directors to consider, determine and recommend remuneration of the Executive Directors to the Board. During the financial year ended 31st March 2013, three meetings of the Committee were held on 15th May 2012, 30th October 2012 and 7th February 2013.

### 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 2013 to the following Executive Directors is as follows: Dr. Raghupati Singhania, Chairman & Managing Director ₹ 313.08 Lacs plus ₹ 35.00 Lacs payable as Commission; Shri Bharat Hari Singhania, Managing Director ₹ 27.74 Lacs plus ₹ 35.00 Lacs payable as Commission; Shri Vikrampati Singhania, Dy. Managing Director ₹ 141.20 Lacs plus ₹ 10.00 Lacs payable as Commission; Shri S.C. Sethi, Whole-time Director ₹ 125.38 Lacs plus ₹ 10.00 Lacs payable as Commission and Shri Arun K. Bajoria, President & Director ₹ 221.84 Lacs plus ₹ 10.00 Lacs payable as Commission.

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

ii) Non-executive Directors : The Company has paid sitting fees aggregating to ₹ 9.65 Lacs to all Non-executive Directors for attending the meetings of the Board and/or Committees thereof. In addition to sitting fees, commission payable to Non-executive Directors aggregates to ₹ 96.00 Lacs [₹ 60.00 Lacs to Shri Hari Shankar Singhania; ₹ 6.50 Lacs each to other Non-executive Directors, and ₹ 2.50 Lacs to Dr. Wolfgang Holzbach, ₹ 0.50 Lacs each to Shri A.K. Puri and Shri Ashok U. Katra (proportionately)].

Non-executive Directors did not have any other material 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 2013 are: Shri Hari Shankar Singhania- 1,49,840 Shares (since deceased), Shri Arvind Singh Mewar – Nil Shares, Shri Bakul Jain – 1,200 Shares, Shri O. P. Khaitan - 2,736 Shares, Shri Kalpataru Tripathy - Nil Shares, Shri Vimal Bhandari - Nil Shares and Dr. Wolfgang Holzbach - Nil Shares. 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
2009-2010	Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata – 700 020	14.08.2010	11.45 A.M.
2010-2011	Same as above	29.07.2011	11.00 A.M.
2011-2012	Same as above	30.07.2012	11.00 A.M.

Details of the Special Resolution(SR) passed: Two SRs each at the AGM held in the year 2011 & Year 2012 and one SR at the AGM held in the year 2010.

No Special Resolution was required to be put through postal ballot during the financial year ended 31st March 2013.

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 Wednesday, 14th August 2013 at Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata – 700 020 at 11 a.m.

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

(iii) Financial Calendar (tentative)

Financial Reporting

- |  |  |
|--|--|
| • 1st Quarter ending June 30, 2013             | } Within 45 days of the end of the quarter     |
| • 2nd Quarter ending September 30, 2013        |  |
| • 3rd Quarter ending December 31, 2013         |  |
| • Annual and 4th Quarter ending March 31, 2014 | } Within 60 days of the end of the 4th quarter |

• Annual General Meeting for the financial year 2013-14 Between July and September, 2014

(iv) Dividend Payment Date During August 2013

(v) Date of Book Closure 5th August to 14th August, 2013

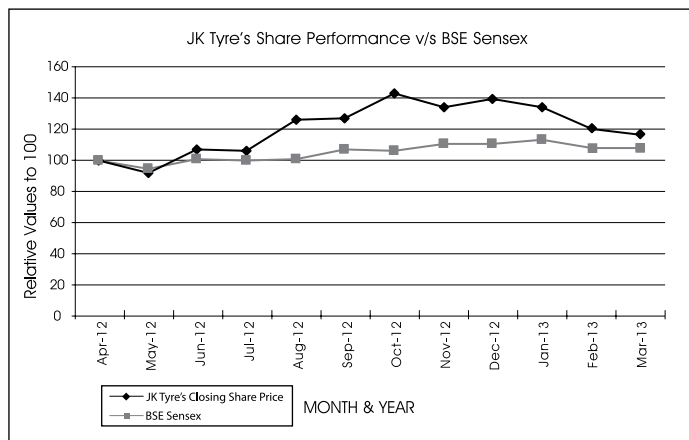
(vi) Listing on Stock Exchanges The Equity Shares of the Company are listed on BSE Ltd. and National Stock Exchange of India Ltd. (NSE). The annual listing fee for the financial year 2013-14 has been paid to both the aforesaid Stock Exchanges.

(vii) Security Code for Company's Equity Shares on Stock Exchanges and ISIN BSE – 530007  
NSE – JKTYRE  
ISIN – INE573A01034.

(viii) Stock Market Price Data

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April-2012	93.45	77.75	93.50	75.00
May-2012	88.10	72.20	88.45	71.65
June-2012	98.90	73.20	99.90	73.20
July-2012	105.30	87.60	105.00	80.00
August-2012	125.15	90.50	125.40	88.80
September-2012	118.60	102.05	118.70	101.25
October-2012	131.00	105.50	130.45	101.25
November-2012	126.75	110.00	126.40	110.00
December-2012	129.00	114.00	129.00	112.50
January-2013	131.25	112.50	130.80	110.55
February-2013	120.75	102.70	120.75	103.65
March-2013	119.00	93.05	108.85	93.05

JK Tyre & Industries Ltd's (JK Tyre's) Share Performance v/s BSE Sensex (April 2012 – March 2013)



(ix) Distribution of Shareholding (as on 31.3.2013):

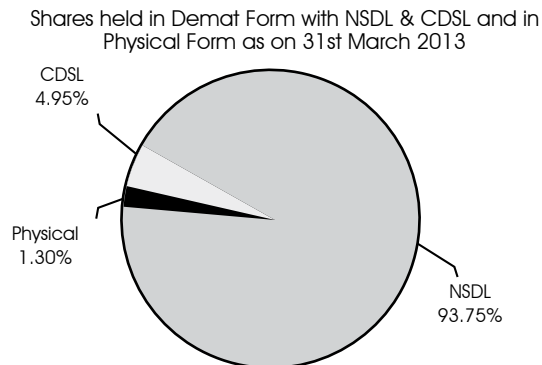
No. of Equity Shares Held	No. of Shares		Shareholders	
	Total	% of Total	Number	% of Total
1-250	1684961	4.10	26118	86.10
251-500	866709	2.11	2302	7.59
501-1000	772497	1.88	1008	3.32
1001-5000	1513749	3.69	708	2.33
5001-10000	606041	1.48	80	0.27
10001 & above	35615389	86.74	117	0.39
Total	41059346	100.00	30333	100.00

(x) Share Transfer System

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

(xi) Dematerialisation of Shares and liquidity

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



As on 31st March 2013, 98.70% of the Equity Shares are held in dematerialized form.

(xii) Outstanding GDRs/ADRs/Warrants/Options :- NIL  
or any Convertible instruments, conversion date and likely impact on equity

(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@jkmail.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  
Contact Person: Shri J.K. Singla  
Email: rta@alankit.com  
Website: www.alankit.com

(xv) Information in terms of Clause 5A of the Listing Agreement: As on 31st March 2012, the Company had 74,834 Equity Shares, issued in physical form, which remained unclaimed by 1,524 Equity Shareholders. During the year, the Company received 6 requests for despatch of share certificates for 365 Equity Shares which have since been despatched. Accordingly, as on 31st March 2013, the Company has 74,469 Equity Shares, issued in physical form, which remained unclaimed by 1,518 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 2013.

Dr. Raghupati Singhania  
Chairman & Managing Director

**12. AUDITOR'S COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE :**

To

The Members of JK Tyre & Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by JK Tyre & Industries Ltd. for the financial year ended 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

For LODHA & CO.  
Chartered Accountants

Saurabh Chhajer  
Partner

Place: New Delhi  
Dated: 27th May, 2013

Firm Registration No.:301051E  
Membership No.403325

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF JK TYRE & INDUSTRIES LIMITED

### Report on the financial statements

We have audited the accompanying financial statements of JK Tyre & Industries Limited, which comprise the Balance Sheet as at 31st March 2013, the Statement of the Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India including Accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

- a. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2013,
- b. In case of the Statement of the Profit and Loss, of the profit for the year ended on that date, and
- c. In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on other legal and the regulatory requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, 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 and Cash Flow Statement referred to in this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956;
- e. On the basis of the written representations received from the Directors and taken on records by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2013 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For LODHA & CO.  
Firm Registration Number: 301051E  
Chartered Accountants

SAURABH CHHAJER  
Partner

New Delhi, the 27th May, 2013

Membership No: 403325

### Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

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.
  - (a) As informed to us, the Company has given unsecured loan to a Company covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance of such loan is ₹ 108.88 crs. (Maximum balance outstanding during the year ₹ 118.28 crs.).
  - (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms & condition on which aforesaid loan has been given are not prima facie, prejudicial to the interest of the Company.
  - (c) In respect of aforesaid loan, the repayment of the principal as well as interest is regular.
  - (d) In respect of the loan given by the company no amount, principal as well as interest, is overdue and therefore provision of clause 4(iii)(d) of the order is not applicable.



(e) As informed to us, the company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. Accordingly, the provisions of the clause 4(iii)(f) and (g) of the order are not Applicable to the Company.

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 there under 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, 2013.

(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:

Name of the Statute	Nature of the dues	Amount (₹ in Lacs)	Forum where dispute is pending
Sales Tax Act	Sales Tax	26.51	Deputy Commissioner/ Deputy Commissioner (Appeals)
		8.52	Additional Commissioner
		14.57	Revision Board
		46.89	Tribunal
		21.98	Joint Commissioner
		1.80	High Court
Central Excise Act	Excise Duty	39.68	Commissioner (Appeals)
		52.34	Additional Commissioner
		0.47	Addnl. Superintendent
		193.82	CESTAT
		2.54	Asst. Commissioner
		0.49	High Court
Custom Act	Custom Duty	241.15	Supreme Court
Finance Act	Service Tax	104.32	Asst. Commissioner
		4.12	CESTAT
Madhya Pradesh Entry Tax Act, 1976	Entry Tax	79.73	Commissioner
The Rajasthan Tax on Entry of Goods into Local Area Act, 1999	Entry Tax	63.61	High Court

Read with note no. 29

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. According to the information and explanations given to us, 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.

For LODHA & CO.  
Firm Registration Number: 301051E  
Chartered Accountants

SAURABH CHHAJER  
Partner

New Delhi, the 27th May, 2013

Membership No: 403325

# JK TYRE & INDUSTRIES LIMITED

## BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH 2013

₹ in Crores (10 Million)

	Note No.	31.03.2013	31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	41.06	41.06
Reserves and Surplus	3	700.87	629.54
		<u>741.93</u>	<u>670.60</u>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	1130.88	1001.89
Deferred tax liabilities (Net)	5	192.05	147.56
Other Long-term liabilities	6	342.95	344.02
Long-term provisions	7	10.37	9.43
		<u>1676.25</u>	<u>1502.90</u>
<b>Current Liabilities</b>			
Short-term borrowings	8	1089.29	699.03
Trade payables		748.96	1030.17
Other current liabilities	9	343.67	329.91
Short-term provisions	10	133.18	95.84
		<u>2315.10</u>	<u>2154.95</u>
<b>TOTAL</b>		<u><b>4733.28</b></u>	<u><b>4328.45</b></u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
- Tangible assets	11	2279.26	1440.09
- Intangible assets	11	1.12	3.10
- Capital work-in-progress		54.68	749.20
Non-current investments	12	97.59	100.89
Long-term loans and advances	13	186.56	77.07
		<u>2619.21</u>	<u>2370.35</u>
<b>Current Assets</b>			
Inventories	14	809.80	661.54
Trade receivables	15	916.68	868.58
Cash and bank balances	16	94.66	78.42
Short-term loans and advances	17	292.49	261.38
Other current assets	18	0.44	88.18
		<u>2114.07</u>	<u>1958.10</u>
<b>TOTAL</b>		<u><b>4733.28</b></u>	<u><b>4328.45</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

SAURABH CHHAJER  
Partner

P.K. RUSTAGI  
Secretary

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

Chairman & Managing Director  
Managing Director

Directors

New Delhi, the 27th May, 2013



# JK TYRE & INDUSTRIES LIMITED

## PROFIT & LOSS STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2013

₹ in Crores (10 Million)

	Note No.	2012-2013	2011-2012
Revenue from operations	19	<b>6002.16</b>	5984.46
Less : Excise Duty		<b>571.33</b>	504.88
Net Revenue from operations		<b>5430.83</b>	5479.58
Other income	20	<b>13.05</b>	3.50
<b>Total Revenue [ I ]</b>		<b>5443.88</b>	5483.08
<b>Expenses</b>			
Cost of materials consumed	21	<b>3872.80</b>	4108.59
Purchases of Stock-in-Trade	22	<b>44.46</b>	60.99
(Increase) / decrease in inventories of finished goods, work-in-progress and Stock-in-trade	23	<b>(54.93)</b>	84.95
Employee benefits expense	24	<b>333.72</b>	294.80
Other expenses	25	<b>747.42</b>	650.78
<b>Total [ II ]</b>		<b>4943.47</b>	5200.11
<b>Profit before Interest, Depreciation &amp; Tax (PBIDT) [ I - II ]</b>		<b>500.41</b>	282.97
Finance costs	26	<b>206.53</b>	170.43
Depreciation and amortisation expense	27	<b>112.65</b>	101.41
<b>Profit before exceptional items and tax</b>		<b>181.23</b>	11.13
Exceptional Items	42	<b>(30.92)</b>	1.67
<b>Profit before tax</b>		<b>150.31</b>	12.80
Tax Expenses:			
- Current Tax		<b>30.39</b>	1.73
- MAT Credit Entitlement		<b>(30.11)</b>	(2.63)
- Deferred Tax		<b>44.49</b>	2.70
<b>Profit after tax</b>		<b>105.54</b>	11.00
<b>Basic and Diluted Earnings per equity share (₹):</b>	43		
- Cash		<b>63.98</b>	28.04
- After Tax		<b>25.70</b>	2.68

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

As per our report of even date

For LODHA & CO.  
Chartered Accountants

SAURABH CHHAJER  
Partner

P.K. RUSTAGI  
Secretary

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

Chairman & Managing Director  
Managing Director

Directors

New Delhi, the 27th May, 2013



## 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 (as amended) 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 in the 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 is classified as Operating Lease when substantial risks & rewards of ownership are not transferred - rentals thereon are recognised as expense 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 / realisations and year end translations including on forward contracts are dealt with in Profit and Loss Statement 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 and depreciated over their balance life 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 Statement and Capital Expenditure is added to Fixed Assets.
- 1.10 Borrowing Cost is charged to Profit & Loss Statement except meant for acquisition of qualifying assets which is capitalised till the date of commercial use.
- 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 Statement 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 and Employees Pension Scheme 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 Statement.  
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 Revenue is recognised when significant risks and rewards of ownership have been passed to buyer.
- 1.14 Export incentives are recognised in the Profit & Loss Statement. Project subsidy is credited to Capital Reserve.
- 1.15 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.
- 1.16 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.

	<b>₹ in Crores (10 Million)</b>	
	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Note - 2</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
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>180.00</b>	180.00
<b>Issued, Subscribed and Paid up:</b>		
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>41.06</b>	41.06
<b>Details of each shareholder holding more than 5% shares:</b>		
<b>Name of Shareholder</b>	<b>No. of Shares held As at 31.03.2013</b>	<b>No. of Shares held As at 31.03.2012</b>
Bengal & Assam Company Limited	<b>85,89,250</b>	85,89,250
Fenner (India) Limited	<b>36,00,000</b>	36,00,000
Florence Investech Ltd. (Formerly JK Agri Genetics Ltd.)	<b>60,34,070</b>	60,34,070
Edgefield Securities Limited	<b>34,87,500</b>	34,87,500
<b>Reconciliation of the number of shares outstanding:</b>		
	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
Shares outstanding as at the beginning of the year	<b>4,10,59,346</b>	4,10,59,346
Addition during the year	-	-
Deletion during the year	-	-
Shares outstanding as at the end of the year	<b>4,10,59,346</b>	4,10,59,346

**₹ in Crores (10 Million)**

	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
--	-----------------------------	-----------------------------

**Note - 3**

**RESERVES AND SURPLUS**

**Capital Reserve**

Opening Balance	-	-
Addition during the year (a)	<u>1.50</u>	-
	<u>1.50</u>	-

**Capital Redemption Reserve**

Opening Balance	<u>7.00</u>	7.00
	<u>7.00</u>	<u>7.00</u>

**Securities Premium Reserve**

Opening Balance	<b>217.70</b>	218.09
Transfer during the year (b)	-	(0.39)
	<u>217.70</u>	<u>217.70</u>

**Debenture Redemption Reserve**

Opening Balance	-	0.71
Transfer during the year	-	(0.71)
	<u>-</u>	<u>-</u>

**Revaluation Reserve**

Opening Balance	<b>40.98</b>	83.78
Transfer during the year (c)	<b>(18.90)</b>	(42.80)
	<u>22.08</u>	<u>40.98</u>

**General Reserve**

Opening Balance	<b>325.34</b>	315.34
Addition during the year	<b>60.00</b>	10.00
	<u>385.34</u>	<u>325.34</u>

**Surplus in Profit and Loss Statement**

Opening Balance	<b>38.52</b>	48.74
Addition during the year	<b>105.54</b>	11.00
Debenture Redemption Reserve no longer required	-	0.71
Amount available for appropriation	<u>144.06</u>	<u>60.45</u>

**Appropriation:**

Transfer to General Reserve	<b>(60.00)</b>	(10.00)
Proposed Dividend @ ₹ 3.50 (Previous year: ₹ 2.50) per equity share	<b>(14.37)</b>	(10.26)
Corporate Dividend Tax	<b>(2.44)</b>	(1.67)
Closing Balance	<u>67.25</u>	<u>38.52</u>
<b>Total</b>	<b>700.87</b>	<b>629.54</b>

(a) Represents Capital subsidy.

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

(c) ₹ 16.09 crs. (Previous year: ₹ 23.37 crs.) towards depreciation arising out of revaluation transferred to Profit & Loss Statement and ₹ 2.81 crs. (Previous year: ₹ 19.43 crs.) adjusted for Fixed Assets sold / transferred.



₹ in Crores (10 Million)

Note - 4	Non Current		Current*	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
<b>LONG-TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Term Loans:				
- Financial Institutions	209.83	94.29	-	-
- Banks	748.53	650.87	31.88	35.75
- Others	49.07	57.29	8.23	8.22
Deferred Sales Tax	-	5.52	5.52	12.21
	<b>1007.43</b>	<b>807.97</b>	<b>45.63</b>	<b>56.18</b>
<b>UNSECURED LOANS</b>				
Deferred Sales Tax	102.72	121.51	25.68	-
Fixed Deposits	20.73	22.41	14.50	20.25
Loan from Bank	-	50.00	50.00	-
	<b>123.45</b>	<b>193.92</b>	<b>90.18</b>	<b>20.25</b>
	<b>1130.88</b>	<b>1001.89</b>	<b>135.81</b>	<b>76.43</b>
Less: Amount Disclosed under the head "Other Current Liabilities" (Note No. 9)	-	-	(135.81)	(76.43)
	<b>1130.88</b>	<b>1001.89</b>	<b>-</b>	<b>-</b>

\* Payable during next 12 months.

**Notes:**

1. Term Loan of ₹ 35.71 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 25 equal quarterly instalments.
2. Term Loans aggregating ₹ 120.83 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 ₹ 64.16 crs. is repayable in 20 equal quarterly instalments and from another bank ₹ 56.67 crs. is repayable in 17 equal quarterly instalments.
3. Term Loans aggregating ₹ 93.87 crs. from Banks, secured by a first pari passu charge 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.
4. Term Loans aggregating ₹ 530 crs. from Banks and Foreign Currency Loan from a Financial Institution amounting to ₹ 209.83 crs. (including ₹ 11.98 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.
5. Term Loan from a Bank outstanding as at 31.03.2013 - Nil, secured by an exclusive charge by way of hypothecation of specified assets at Company's Plants in Rajasthan, Madhya Pradesh and Karnataka.
6. Term Loan of ₹ Nil from a Bank and ₹ 0.09 cr. from a body corporate, secured by hypothecation of specified vehicle is repayable in 18 equated monthly instalments.
7. Term Loan of ₹ 57.21 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 28 equal quarterly instalments.
8. 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.

9. Deferred Sales Tax aggregating ₹ 5.52 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 1, 2 & 5 on movable and immovable properties of Company's Plant in Madhya Pradesh) is repayable in April 2013.
10. Unsecured Deferred Sales Tax ₹ 128.40 crs. is repayable in 5 equal annual instalments commencing in 2013.
11. Fixed Deposits of ₹ 14.50 crs., ₹ 8.65 crs. and ₹ 12.08 crs. (aggregating ₹ 35.23 crs.) are due for repayment in 2013-14, 2014-15 and 2015-16 respectively.
12. Unsecured loan from a bank amounting to ₹ 50 crs. is repayable in January 2014.

	<b>₹ in Crores (10 Million)</b>	
	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Note - 5</b>		
<b>DEFERRED TAX LIABILITIES (NET)</b>		
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	<b>238.38</b>	190.19
2. Deferred Tax Assets		
(i) Expenses / Provision Allowable	<b>8.64</b>	11.97
(ii) Unabsorbed depreciation	<b>37.69</b>	42.63
3. Deferred Tax Liability / (Asset) - Net	<b>192.05</b>	147.56

	<b>₹ in Crores (10 Million)</b>	
	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Note - 6</b>		
<b>OTHER LONG-TERM LIABILITIES</b>		
Trade Deposits & Others	<b>342.95</b>	344.02
	<b>342.95</b>	344.02

	<b>₹ in Crores (10 Million)</b>	
	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Note - 7</b>		
<b>LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits	<b>10.37</b>	9.43
	<b>10.37</b>	9.43

	<b>₹ in Crores (10 Million)</b>	
	<b>As at 31.03.2013</b>	<b>As at 31.03.2012</b>
<b>Note - 8</b>		
<b>SHORT-TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Repayable on demand from Banks*	<b>947.12</b>	588.72
	<b>947.12</b>	588.72
<b>UNSECURED LOANS</b>		
Fixed Deposits	<b>4.53</b>	5.43
Short-term Loans from Banks	<b>137.64</b>	104.88
	<b>142.17</b>	110.31
	<b>1089.29</b>	699.03

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



₹ in Crores (10 Million)

**Note - 9**

**OTHER CURRENT LIABILITIES**

	As at 31.03.2013	As at 31.03.2012
Current maturities of long-term borrowings	135.81	76.43
Interest accrued but not due on borrowings	8.44	11.47
Unclaimed dividends #	0.58	0.58
Unclaimed / Uncollected Fixed Deposits and interest accrued thereon #	2.51	1.85
Others:		
- Government and Other Statutory Dues	100.42	88.69
- Other Payables	95.91	150.89
	<b>343.67</b>	<b>329.91</b>

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

**Note - 10**

**SHORT-TERM PROVISIONS**

	As at 31.03.2013	As at 31.03.2012
Provision for Employee Benefits	4.25	2.18
Others:		
- Provision for Taxation	112.12	81.73
- Proposed Dividend	14.37	10.26
- Provision for Corporate Dividend Tax	2.44	1.67
	<b>133.18</b>	<b>95.84</b>

**Note - 11**

**FIXED ASSETS**

₹ in Crores (10 Million)

Particulars	Gross Value				Depreciation / Amortisation				Net Value	
	As at 31.03.2012	Additions / Adjustments ^	Sales / Adjustments	As at 31.03.2013	Upto 31.03.2012	For the Year	Sales / Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>(i) Tangible Assets</b>										
Land - Freehold	12.60	45.93	-	58.53	-	-	-	-	58.53	12.60
- Leasehold	10.66	-	0.02	10.64	1.10	0.11	-	1.21	9.43	9.56
Buildings*	321.52	179.90	-	501.42	73.67	9.49	-	83.16	418.26	247.85
Plant & Equipments	2372.67	747.04	29.76	3089.95	1236.58	113.62	21.31	1328.89	1761.06	1136.09
Furniture and Fixtures	14.74	1.60	2.98	13.36	7.77	0.71	2.13	6.35	7.01	6.97
Office Equipments	11.88	1.97	0.11	13.74	4.76	0.54	0.03	5.27	8.47	7.12
Vehicles	26.10	4.18	7.40	22.88	6.20	2.29	2.11	6.38	16.50	19.90
	2770.17	980.62	40.27	3710.52	1330.08	126.76	25.58	1431.26	2279.26	1440.09
Previous Year	2725.55	181.60	136.98	2770.17	1314.70	122.42	107.04	1330.08	1440.09	
<b>(ii) Intangible Assets</b>										
Software #	11.78	-	-	11.78	8.68	1.98	-	10.66	1.12	3.10
	11.78	-	-	11.78	8.68	1.98	-	10.66	1.12	3.10
Previous Year	11.78	-	-	11.78	6.32	2.36	-	8.68	3.10	

\* Buildings include ₹ 2.05 crs. constructed on leased land, 32 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 ₹ 87.70 crs. and foreign exchange fluctuation ₹ 11.98 crs. (Unamortised fluctuation ₹ 11.86 crs.)

^ Government Subsidy of ₹ 5.05 crs. is reduced from cost of Plant & Equipments.

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 ₹ 556.25 crs. as at 31.03.2013 (Previous year: ₹ 567.43 crs.) arising on revaluation.

	As at 31.03.2013		As at 31.03.2012	
	Numbers	₹ in Crores (10 Million)	Numbers	₹ in Crores (10 Million)
<b>Note - 12</b>				
<b>NON-CURRENT INVESTMENTS (Long-term)</b>				
(Other Than Trade)				
<b>Investment in Equity Shares:</b>				
<b>Subsidiary Companies:</b>				
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
<b>Associate Company:</b>				
Hari Shankar Singhania Elastomer & Tyre Research Institute (₹ 100 each) (₹ 2400; As at 31.03.2012 : ₹ 2400)	24		24	
<b>Others:</b>				
HDFC Bank Ltd. (₹ 2 each) (₹ 10000; As at 31.03.2012 : ₹ 10000)	5,000		5,000	
Bengal & Assam Company Ltd. (₹ 10 each)	11,641	0.05	11,641	0.05
JK Sugar Ltd. (₹ 10 each)	16,73,000	2.68	16,73,000	2.68
V. S. Lignite Power Pvt. Ltd. (₹ 10 each) #	12,56,039	1.26	5,77,778	0.58
Dwarkesh Energy Ltd. (₹ 10 each)	3,50,000	0.35	3,50,000	0.35
J.K.I. Employees Co-operative Credit Society Ltd. (₹ 1000 each) (₹ 5000; As at 31.03.2012 : ₹ 5000)	5		5	
Larsen & Toubro Ltd. (₹ 2 each)**	2,800	0.38	2,800	0.37
Reliance Industries Ltd. (₹ 10 each)**	4,360	0.34	4,360	0.33
Florence Investech Ltd. (₹ 10 each) @	10,74,994	32.50	-	-
<b>Investment in Preference Shares:</b>				
V. S. Lignite Power Pvt. Ltd. (₹ 10 each) (0.01% Cumulative Redeemable) #	11,14,222	1.11	11,14,222	1.11
JK Sugar Ltd. (8% Cumulative Redeemable preference shares) (₹ 90 each) (CRPS Series - A)	15,00,000	13.50	15,00,000	13.50
JK Sugar Ltd. (8% Cumulative Redeemable preference shares) (₹ 90 each) (CRPS Series - B)	1,85,338	1.67	1,85,338	1.67
JK Sugar Ltd. (Zero coupon Fully Convertible Redeemable preference shares) (₹ 10 each)	28,50,134	2.85	28,50,134	2.85
Dwarkesh Energy Ltd. (Optionally Convertible Cumulative Redeemable Preference Share - Partly paid-up : ₹ 60 each) [Face Value ₹ 100 each] ^	10,00,000	6.00	-	-
<b>Investment in Bonds:</b>				
J.K. Agri Genetics Ltd. (₹ 4250 each) @ (Zero coupon secured non-convertible bonds)	-	-	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
<b>Investment in Mutual Fund:</b>				
LIC Nomura Mutual Fund Growth Fund (₹ 10 each)	2,50,000	0.25	2,50,000	0.25
<b>Investment in Government or Trust Securities:</b>				
Government Securities (Deposited with Government Department) National Savings Certificates (₹ 25000; As at 31.03.2012 : ₹ 25000)				
		<b>97.59</b>		<b>100.89</b>
Aggregate amount of quoted Investments		<b>3.45</b>		3.43
Market Value of quoted Investments		<b>3.35</b>		3.59
Aggregate amount of unquoted Investments		<b>94.14</b>		97.46
Aggregate provision for diminution in value of Investments		<b>0.30</b>		0.32

# Under lien with Issuer.

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

\*\* Net of provision for diminution.

@ Out of ₹ 42.50 crs., ₹ 10 crs. redeemed in cash and 10,74,994 Equity shares of M/s Florence Investech Ltd. (Formerly JK Agri Genetics Ltd.) allotted for the balance amount pursuant to the Scheme of Arrangement and Demerger between JK Agri Genetics Ltd. and Florence Alumina Ltd.

^ Uncalled amount on partly paid-up Preference Shares ₹ 4 crs.



₹ in Crores (10 Million)

As at 31.03.2013      As at 31.03.2012

**Note - 13**

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

Advances - Project related	17.51	46.19
Security Deposits with Government Authorities and Others	34.91	28.25
Loans & Advances to related party	101.40	-
MAT Credit Entitlement	32.74	2.63
	<u>186.56</u>	<u>77.07</u>

**Note - 14**

**INVENTORIES**

(Valued at lower of cost or net realisable value)

Raw Materials*	282.14	341.08
Work-in-Progress	55.84	52.40
Finished Goods**	421.80	231.14
Stock-in-trade	4.43	4.04
Stores and Spares	45.59	32.88
	<u>809.80</u>	<u>661.54</u>

\* Includes raw materials in transit ₹ 82.61 crs. (Previous year: ₹ 45.20 crs.)

\*\* Includes finished goods in transit ₹ 1.74 crs. (Previous year: ₹ 2.62 crs.)

**Note - 15**

**TRADE RECEIVABLES** (Unsecured)

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

Considered Good	19.77	12.13
Doubtful	3.63	3.38
Less: Allowance for Bad and Doubtful debts	(3.63)	(3.38)

(b) Others (Considered Good)

	896.91	856.45
	<u>916.68</u>	<u>868.58</u>

**Note - 16**

**CASH & BANK BALANCES**

(a) *Cash and Cash Equivalents*

Balances with Banks:		
Current Accounts	7.49	8.88
Deposit Accounts	-	0.19
Remittances in transit and Cheques on hand	86.51	68.71
Cash on hand	0.08	0.06
	<u>94.08</u>	<u>77.84</u>

(b) *Other Bank Balances*

Unclaimed Dividend Accounts	0.58	0.58
	<u>94.66</u>	<u>78.42</u>

**Note - 17**

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

Balances with Government Authorities	125.21	125.58
Export Benefit Receivable	7.81	6.58
Loans & Advances to related parties	7.61	6.00
Prepaid Expenses	5.35	7.50
MAT Credit Entitlement	8.74	8.74
Income Tax Advance Payments	112.12	82.35
Other Advances	25.65	24.63*
	<u>292.49</u>	<u>261.38</u>

\* 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.



**₹ in Crores (10 Million)**  
**As at**                      **As at**  
**31.03.2013**                **31.03.2012**

**Note - 18**

**OTHER CURRENT ASSETS**

Receivables against Sale of Fixed Assets  
Interest Accrued on Investments

-	87.74	
<b>0.44</b>	0.44	
<b>0.44</b>	<b>88.18</b>	

**Note - 19**

**REVENUE FROM OPERATIONS**

Sale:

Tyres  
Tubes & Others  
Royalty and Management Fee  
Other operating revenues:  
Liability for earlier years written back  
Miscellaneous Income

<b>₹ in Crores (10 Million)</b>		
<b>2012-2013</b>	<b>2011-2012</b>	
<b>5434.50</b>	5429.11	
<b>525.18</b>	533.26	
<b>17.23</b>	4.52	
<b>1.37</b>	-	
<b>23.88</b>	17.57	
<b>6002.16</b>	<b>5984.46</b>	

**Note - 20**

**OTHER INCOME**

Income from Long-term Investments  
- Dividends  
- Interest  
- Reversal of Provision for Diminution in value of Long-term Investments  
Other Interest Income

<b>0.02</b>	0.01	
<b>0.58</b>	0.58	
<b>0.03</b>	-	
<b>12.42</b>	2.91	
<b>13.05</b>	<b>3.50</b>	

**Note - 21**

**COST OF MATERIALS CONSUMED**

Rubber  
Reinforcement Material  
Carbon Black  
Chemicals & Others

Indigenous  
% of Total  
Imported  
% of Total

<b>2386.86</b>	2691.26	
<b>577.96</b>	574.88	
<b>445.14</b>	398.33	
<b>462.84</b>	444.12	
<b>3872.80</b>	<b>4108.59</b>	
<b>2415.05</b>	2743.40	
<b>62.36</b>	66.77	
<b>1457.75</b>	1365.19	
<b>37.64</b>	33.23	

**Note - 22**

**PURCHASES OF STOCK-IN-TRADE**

Tyres  
Tubes  
Flaps

-	0.27	
-	14.61	
<b>44.46</b>	46.11	
<b>44.46</b>	<b>60.99</b>	



₹ in Crores (10 Million)  
2012-2013      2011-2012

**Note - 23**

**(INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS,  
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

**Opening Stock**

Finished Goods	231.14	320.19
Work-in-Progress	52.40	41.28
Stock-in-Trade	4.04	5.83
	(A) 287.58	367.30

**Closing Stock**

Finished Goods	421.80	231.14
Work-in-Progress	55.84	52.40
Stock-in-Trade	4.43	4.04
	(B) 482.07	287.58

(Increase) / Decrease in Stocks

(A-B) (194.49)      79.72

Less: Adjustments for differential excise duty\* / pre-operative period Stock\*\*

(139.56)      (5.23)

Net (Increase) / Decrease in Stocks

(54.93)      84.95

\* For 2012-13 ₹ (15.11 crs.) (Previous year: ₹ 2.37 crs.)

\*\* Refer Note 32

**Note - 24**

**EMPLOYEE BENEFITS EXPENSE**

Salaries and Wages	236.08	204.76
Contribution to Provident and other Funds	30.27	27.66
Employees' Welfare and other Benefits	67.37	62.38
	333.72	294.80

**Note - 25**

**OTHER EXPENSES**

Conversion Charges	49.94	47.49
Consumption of Stores and spares**	44.60	43.06
Power and Fuel	215.50	224.32
Rent	12.03	15.20
Lease Rent	19.34	0.04
Repairs to Buildings	5.57	3.11
Repairs to Machinery	13.55	12.04
Insurance	2.72	2.68
Rates & Taxes	10.28	10.89
Discount & Commission	58.64	34.97
Freight and Transportation	159.25	129.68
Advertisement and sales promotion	56.88	48.69
Provision for Diminution in value of long-term investments	-	0.23
Bad Debts written off	0.34	0.43
Provision for Doubtful Debts / Advances	0.59	0.60
Miscellaneous Expenses	98.19	77.35
	747.42	650.78

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

Indigenous	41.39	40.43
% of Total	92.80	93.89
Imported	3.21	2.63
% of Total	7.20	6.11

**₹ in Crores (10 Million)**  
**2012-2013**      2011-2012

**Note - 26**

**FINANCE COSTS**

Interest Expenses	<b>203.54</b>	168.72
Other Borrowing Costs	<b>2.99</b>	1.71
	<b><u>206.53</u></b>	<u>170.43</u>

**Note - 27**

**DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation and Amortisation	<b>128.74</b>	124.78
Less: Transfer from Revaluation Reserve	<b>(16.09)</b>	(23.37)
	<b><u>112.65</u></b>	<u>101.41</u>

28. Estimated amount of contracts remaining to be executed on capital account ₹ 46.53 crs. (Previous year: ₹ 145.19 crs.).
29. Contingent liabilities in respect of claims not accepted and not provided for ₹ 30.71 crs. (Previous year: ₹ 41.75 crs.) pertaining to Excise duty matters in appeal ₹ 4.00 crs., Service tax matters ₹ 0.04 cr., Sales Tax matters in appeal ₹ 3.64 crs., Income tax matters in appeal ₹ 3.78 crs. & other matters ₹ 19.25 crs. (Previous year: ₹ 4.47 crs., ₹ 0.04 cr., ₹ 5.59 crs., ₹ 10.54 crs. & ₹ 21.11 crs. respectively).
30. Bills discounted with Banks outstanding ₹ 4.24 crs. (Previous year: ₹ 12.53 crs.).
31. 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 Statement. 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.
32. Capital work in progress includes Machinery in stock / transit, construction / erection materials, cost paid for land and the following pre-operative expenses pending allocation:

**₹ in Crores (10 Million)**

**31.03.2013**      31.03.2012

Raw Material Consumption	<b>264.45</b>	13.92
Stores Consumption	<b>0.07</b>	0.27
Employee Benefit Expenses	<b>29.52</b>	18.20
Rates and Taxes (including excise)	<b>45.11</b>	0.58
Insurance Expenses	<b>0.38</b>	0.50
Power and Fuel Consumed	<b>23.45</b>	7.23
Finance Costs	<b>49.07</b>	38.81
Unrealised Exchange Fluctuation on borrowings	<b>3.45</b>	4.29
Miscellaneous expenditure	<b>4.68</b>	6.38
	<b><u>420.18</u></b>	<u>90.18</u>
Less: Sales	<b>231.75</b>	1.00
Scrap Sale	<b>4.34</b>	0.49
Increase in Stock of Finished Goods	<b>105.51</b>	2.65
Increase in Stock of Work-in-progress	<b>18.94</b>	4.95
	<b><u>59.64</u></b>	<u>81.09</u>
Add: Expenditure upto previous year	<b>86.29</b>	16.54
	<b><u>145.93</u></b>	<u>97.63</u>
Less: Transferred to Fixed Assets	<b>144.37</b>	11.33
	<b><u>1.56</u></b>	<u>86.29</u>



33. Debts over six months / Advances include ₹ 2.88 crs. (Previous year: ₹ 2.98 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.
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 taken certain specified Plant & Machinery on operating lease basis, which is cancellable at the option of lessee.
36. 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.
37. a. Forward Contracts for hedging Payables - ₹ 145.18 crs. - US \$ 26.31 Million, ₹ 2.23 crs. - Euro 0.31 Million and ₹ 6.16 crs. - GBP 0.69 Million (Previous year: ₹ 7.39 crs. - US \$ 1.40 Million, ₹ 19.28 crs. - Euro 2.78 Million and ₹ 1.30 crs. - GBP 0.15 Million) and for hedging receivables - Nil (Previous year: ₹ 57.89 crs. - US \$ 12.00 Million) are outstanding as at 31.03.2013.
- b. Foreign currency exposure unhedged net payable is ₹ 455.43 crs. - US \$ 83.73 Million (Previous year: ₹ 604.73 crs. - US \$ 118.21 Million) as at 31.03.2013.
38. 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 31.03.2013: 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 31.03.2013: Nil (Previous year: Nil).
39. 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.
40. Expenditure on Research and Development (R&D) activities during the year:

	<b>₹ in Crores (10 Million)</b>	
	<b>2012-2013</b>	2011-2012
i) Revenue Expenditure*:		
1. Employee Cost	<b>6.37</b>	4.63
2. Cost of Materials and Testing Charges	<b>18.62</b>	12.76
3. Other R & D Expenses	<b>3.71</b>	2.90
Sub total (i)	<b>28.70</b>	20.29
ii) Capital Expenditure	<b>3.59</b>	1.21
Total (i+ii)	<b>32.29</b>	21.50

\* Included in respective revenue accounts.

41. Amount paid to Auditors:

i) Statutory Auditors		
a) Audit Fee	<b>0.18</b>	0.16
b) Taxation	<b>0.02</b>	0.01
c) Certificates / other services	<b>0.04</b>	0.04
d) Reimbursement of expenses	<b>0.03</b>	0.03
ii) Cost Auditors		
a) Audit Fee	<b>0.01</b>	0.01
b) Reimbursement of expenses ₹ 22921 (Previous year: ₹ 27123)		

42. Exceptional items include net impact of unfavourable Foreign Exchange Rate fluctuation ₹ 52.09 crs. (Previous year: ₹ 63.17 crs.), net gain on sale of certain assets ₹ 24.83 crs. (Previous year: ₹ 76.42 crs.), and expenditure on Voluntary Retirement Scheme (VRS) for the employees ₹ 3.66 crs. (Previous year: ₹ 11.58 crs.).

	₹ in Crores (10 Million)	
	2012-2013	2011-2012
43. Earnings Per Share		
a. Profit after Tax	105.54	11.00
b. Weighted average number of equity shares	41059346	41059346
c. Basic and Diluted Earnings per equity share (₹) (Face Value ₹ 10 each)		
- Cash	63.98	28.04
- After Tax	25.70	2.68

44. 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)	
	2012-13	2011-12	2012-13	2011-12
<b>I Expenses recognised in the Profit &amp; Loss Statement*</b>				
1 Current Service Cost	3.68	2.82	7.43	6.14
2 Interest Cost	0.78	0.70	5.52	5.20
3 Expected return on plan assets	-	-	(6.11)	(5.62)
4 Actuarial (Gains) / Losses	1.61	2.71	3.13	2.12
5 Total expense	6.07	6.23	9.97	7.84
<b>II Net Asset / (Liability) recognised in the Balance Sheet as at year end</b>				
1 Present Value of Defined Benefit Obligation	12.85	11.15	77.80	66.60
2 Fair value of plan assets	-	-	76.46	69.44
3 Funded status [Surplus / (Deficit)]	(12.85)	(11.15)	(1.34)	2.84
4 Net asset / (liability)	(12.85)	(11.15)	(1.34)	2.84
<b>III Change in obligation during the year</b>				
1 Present Value of Defined Benefit Obligation at the beginning of the year	11.15	9.35	66.60	64.20
2 Current Service Cost	3.68	2.82	7.43	6.14
3 Interest Cost	0.78	0.70	5.52	5.20
4 Actuarial (Gains) / Losses	1.61	2.71	4.07	2.00
5 Benefits Payments	(4.37)	(4.43)	(5.82)	(10.94)
6 Present Value of Defined Benefit Obligation as at year end	12.85	11.15	77.80	66.60
<b>IV Change in Assets during the year</b>				
1 Fair value of plan assets at the beginning of the year	-	-	69.44	66.65
2 Expected return on plan assets	-	-	6.11	5.62
3 Contributions by employer	4.37	4.43	5.44	8.23
4 Actual benefits paid	(4.37)	(4.43)	(5.47)	(10.94)
5 Actuarial gains / (losses)	-	-	0.94	(0.12)
6 Fair value of plan assets as at year end	-	-	76.46	69.44
7 Total Actual Return on Plan Assets	-	-	7.05	5.50
<b>V The major categories of plan assets as % of total plan</b>				
Insurer Managed Funds	-	-	100%	100%
<b>VI Actuarial Assumptions :</b>				
1 Discount Rate	8.25%	8.50%	8.25%	8.50%
2 Expected rate of return on plan assets	-	-	8.70%	8.60%
3 Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Ultimate
4 Salary Escalation	5%			

\* Included Under the head Employee Benefit Expenses - Refer Note 24.



(ii)

₹ in Crores (10 Million)

Particulars	Leave Encashment					Gratuity				
	2012-13	2011-12	2010-11	2009-10	2007-09	2012-13	2011-12	2010-11	2009-10	2007-09
Present Value of Defined Benefit Obligation	12.85	11.15	9.35	8.36	7.94	77.80	66.60	64.20	55.21	42.70
Fair Value of Plan Assets	-	-	-	-	-	76.46	69.44	66.65	51.15	34.48
Surplus / (Deficit)	(12.85)	(11.15)	(9.35)	(8.36)	(7.94)	(1.34)	2.84	2.45	(4.06)	(8.22)
Experience adjustment on Plan Liabilities (Gain) / Loss	1.49	2.85	0.51	0.66	0.94	1.10	2.78	1.59	6.52	5.14
Experience adjustment on Plan Assets (Gain) / Loss	-	-	-	-	-	(0.93)	0.11	0.75	(1.32)	(0.33)

- (iii) 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.
- (iv) 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.
- (v) Contributions to PF (trust) during the 12 months ended 31st March, 2013 of ₹ 1.07 crs. (Previous year: ₹ 0.93 cr.) has been included under the head Employee Benefit Expenses. (Refer Note 24)

**(b) Defined Contribution Plans -**

Employer's Contributions to Provident and other Funds charged off during the 12 months ended 31st March, 2013 of ₹ 19.23 crs. (Previous year: ₹ 18.89 crs.) has been included under the head Employee Benefit Expenses. (Refer Note 24).

45. 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	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 Transactions	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>0.19</b>	<b>0.19</b>
Purchase of cement from JKLC & Spares from FIL			(0.12)	(0.12)
Purchase of Capital Items from FIL			(0.02)	(0.02)
<b>Sale of Capital items to CHT &amp; FIL</b>	<b>2.43</b>		<b>28.50</b>	<b>30.93</b>
Sale of Capital Items to CHT & FIL	(0.02)		(87.78)	(87.80)
<b>Sale of Tyres to CHT, VPL &amp; JKLC</b>	<b>3.67</b>	<b>399.58</b>	<b>0.53</b>	<b>403.78</b>
Sale of Tyres to VPL & JKLC		(369.40)	(0.86)	(370.26)
<b>Sale of Stores to HASETRI</b>		<b>0.07</b>		<b>0.07</b>
Sale of Stores to HASETRI		(0.05)		(0.05)
<b>Sharing of Expenses received - CHT, HASETRI, JKLC &amp; FIL - 0.63</b>	<b>0.31</b>	<b>1.48</b>	<b>0.98</b>	<b>2.77</b>
Sharing of Expenses received - HASETRI, JKLC & FIL - 0.71		(1.30)	(1.23)	(2.53)
<b>Sharing of Expenses paid - JKLC &amp; FIL - 0.50</b>			<b>0.99</b>	<b>0.99</b>
Sharing of Expenses paid - CHT, JKLC & FIL - 0.46	(0.13)		(0.89)	(1.02)
<b>Services Availed - HASETRI - 15.61, VPL &amp; JKLC</b>		<b>15.76</b>	<b>3.58</b>	<b>19.34</b>
Services Availed - HASETRI - 10.34, VPL, FIL & JKLC - 3.07		(10.45)	(3.08)	(13.53)
<b>Services Rendered - JKTSA</b>	<b>13.58</b>			<b>13.58</b>
<b>Loans / Advances given - CHT - 0.22, SARVI - 0.08, LANKROS, HASETRI, FIL - 117.05 &amp; JKLC</b>	<b>0.33</b>	<b>0.71</b>	<b>117.17</b>	<b>118.21</b>
Loans / Advances given - CHT, JKTSA - 0.19, HASETRI, FIL - 0.28 & JKLC	(0.24)	(0.67)	(0.34)	(1.25)
<b>Loans / Advances recovered - CHT, JKTSA - 5.87 &amp; FIL</b>	<b>6.51</b>		<b>8.17</b>	<b>14.68</b>
Loans / Advances recovered - CHT, JKTSA - 4.37, HASETRI & FIL	(4.62)	(0.50)	(0.58)	(5.70)
<b>Loans / Advances received - HASETRI, VPL - 0.17 &amp; JKLC</b>		<b>0.22</b>	<b>0.51</b>	<b>0.73</b>
Loans / Advances received - CHT, HASETRI, VPL, JKLC - 0.45 & FIL	(0.07)	(0.03)	(0.49)	(0.59)
<b>Loans / Advances repaid - JKLC</b>			<b>0.12</b>	<b>0.12</b>
Loans / Advances repaid - VPL & FIL		(0.24)	(0.01)	(0.25)
<b>Lease Rent paid to FIL</b>			<b>23.16</b>	<b>23.16</b>
Lease Rent paid to FIL			(0.04)	(0.04)
<b>Interest Income from JKTSA &amp; FIL</b>	<b>0.17</b>		<b>10.25</b>	<b>10.42</b>
Interest Income from JKTSA	(0.52)			(0.52)
<b>Royalty income from VPL</b>		<b>3.65</b>		<b>3.65</b>
Royalty income from VPL		(4.52)		(4.52)
<b>Contribution to HASETRI</b>		<b>0.70</b>		<b>0.70</b>
Contribution to HASETRI		(0.50)		(0.50)
<b>Outstanding as at year end:</b>				
<b>Receivable:</b>				
<b>- CHT - 3.70, JKTSA - 9.50, LANKROS - 0.03 &amp; SARVI - 0.08</b>	<b>13.31</b>			<b>13.31</b>
- CHT - 0.13 & JKTSA - 5.87	(6.00)			(6.00)
<b>- VPL - 96.44, JKLC - 2.07 &amp; FIL - 108.97</b>		<b>96.44</b>	<b>111.04</b>	<b>207.48</b>
- VPL - 109.59, JKLC - 2.01 & FIL - 87.83		(109.59)	(89.84)	(199.43)

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

II. Remuneration to Chairman & Managing Director ₹ 3.48 crs. (₹ 2.89 crs.), Managing Director ₹ 0.63 cr. (₹ 0.28 cr.), Dy. Managing Director ₹ 1.51 crs. (₹ 1.28 crs.), Whole time Director ₹ 1.35 crs. (₹ 1.04 crs.) and President & Director ₹ 2.32 crs. (₹ 1.91 crs.). Central Government approval is awaited for financial year 2011-12. (Previous year figures in brackets)



₹ in Crores (10 Million)

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

	<b>Outstanding as at 31st March, 2013</b>	<b>Maximum Amount Outstanding during 2012-2013</b>	Outstanding as at 31st March, 2012	Maximum Amount Outstanding during 2011-2012
Loans and Advances (in the nature of Loans) :				
<u>Subsidiaries (Repayable on demand)</u>				
JK Tornel S.A. de C.V.	-	<b>5.98</b>	5.87	9.53
Compañía Hulera Tornel, S.A. de C.V.	-	<b>0.13</b>	0.13	0.25
<u>Others</u>				
Fenner India Ltd.	<b>108.88</b>	<b>118.28</b>	-	-

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

47. Work in Progress:

	₹ in Crores (10 Million)	
	As at <b>31.03.2013</b>	As at 31.03.2012
Compounds	<b>26.36</b>	23.24
Semi-finished Tyres	<b>12.02</b>	12.53
Others	<b>17.46</b>	16.63
	<b>55.84</b>	52.40

48. a) Expenditure in Foreign Currency:

	₹ in Crores (10 Million)	
	2012-2013	2011-2012
(i) Professional charges	<b>1.57</b>	1.44
(ii) Interest expense	<b>7.74</b>	2.25
(iii) Others	<b>14.22</b>	12.48

b) Remittances in foreign Currency on account of Dividend for the year 2011-12 (Previous year 2010-11)

	₹ in Crores (10 Million)	
	2012-2013	2011-2012
(i) Number of Non-resident shareholders	<b>1</b>	1
(ii) Number of Equity shares held by them	<b>3487500</b>	3487500
(iii) Amount of dividend remitted	<b>0.87</b>	1.05

c) Earnings in Foreign Currency on account of:

	₹ in Crores (10 Million)	
	2012-2013	2011-2012
F.O.B. value of exports	<b>847.38</b>	590.29
Royalty & Management Fee	<b>17.23</b>	4.52
Interest Income	<b>0.17</b>	0.52

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

	₹ in Crores (10 Million)	
	2012-2013	2011-2012
Raw Materials	<b>1576.11</b>	1400.00
Capital Goods	<b>81.93</b>	281.87
Spares	<b>5.80</b>	5.06

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

50. Previous year figures have been reclassified / regrouped / recast, wherever necessary.

As per our report of even date

For LODHA & CO.  
Chartered Accountants

SAURABH CHHAJER  
Partner

P.K. RUSTAGI  
Secretary

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

Chairman & Managing Director  
Managing Director

Directors

New Delhi, the 27th May, 2013



# JK TYRE & INDUSTRIES LIMITED

## CASH FLOW STATEMENT

For the year ended 31st March, 2013

	₹ In Crores (10 Million)	
	2012-2013	2011-2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax and extraordinary items	150.31	12.80
Adjustment for:		
Depreciation and Amortisation expense	128.74	124.78
Transfer from revaluation reserve	(16.09)	(23.37)
Finance Costs	206.53	170.43
(Profit) / Loss on sale of assets	(24.83)	(76.42)
Provision for diminution of Investments	(0.03)	0.23
Earlier Year Provision no longer required	(1.37)	-
Foreign Exchange Fluctuation	3.50	13.45
Interest / Dividend Received	(13.02)	(3.50)
Provision for Doubtful Debts / Advances and Balance written off	0.93	1.03
Operating Profit before working capital changes	<u>434.67</u>	<u>219.43</u>
(Increase) / Decrease in Trade and Other Receivables	(58.33)	(222.42)
(Increase) / Decrease in Inventories	(148.26)	27.06
Increase / (Decrease) in Trade and other Payables	<u>(299.49)</u>	<u>326.57</u>
Cash generated from Operations	(71.41)	350.64
Direct taxes (Net)	(29.77)	(3.92)
Net Cash from / (used in) Operating activities	<u>(101.18)</u>	<u>346.72</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(223.62)	(615.54)
Sale of Fixed Assets	11.71	9.93
Movement in Loan	13.23	9.98
Purchase of Investments	(3.67)	(21.05)
Redemption of Investment	10.00	13.50
Interest Received	13.00	3.49
Dividend Received	0.02	0.01
Net Cash used in Investing activities	<u>(179.33)</u>	<u>(599.68)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	650.45	836.15
Repayment of borrowings	(83.14)	(372.21)
Finance Costs paid	(258.63)	(203.49)
Dividend paid (including dividend tax)	(11.93)	(14.32)
Net cash from financing activities	<u>296.75</u>	<u>246.13</u>
Net increase / (decrease) in Cash and Cash Equivalents	16.24	(6.83)
Cash and Cash Equivalents as at the beginning of the year	77.84	84.61
Foreign Currency Translation gain on Cash & Cash Equivalents	-	0.06
Cash and Cash Equivalents as at the end of the year	<u>94.08</u>	<u>77.84</u>
<b>Notes:</b>		
Cash and Cash Equivalents Include:		
- Cash, Cheques in hand and Remittances in transit	86.59	68.77
- Balances with Scheduled Banks	7.49	9.01
- Unrealised Translation gain on Foreign Currency balances	-	0.06
<b>Total</b>	<u>94.08</u>	<u>77.84</u>

As per our report of even date

For LODHA & CO.  
Chartered Accountants

SAURABH CHHAJER  
Partner

P.K. RUSTAGI  
Secretary

New Delhi, the 27th May, 2013

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

Chairman & Managing Director  
Managing Director

Directors



# INDEPENDENT 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 ASSOCIATE**

We have audited the accompanying Consolidated Financial Statements of JK Tyre & Industries Limited ("the Company"), its subsidiaries and its interest in associate (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associate as noted below, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- In the case of Consolidated Statement of Profit & Loss, of the Profit of the Group for the year ended on that date; and
- In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### **Other Matters**

We did not audit the financial statements of any of the subsidiaries. The financial statements of three subsidiaries reflect total assets of ₹ 2.54 crs. as at 31st March 2013, revenue of ₹ 0.02 cr. and net cash outflow of ₹ 0.11 cr. for the year ended on that date (Including J. K. International Limited, total assets - ₹ 0.01 cr.), and those of all other subsidiaries reflect total assets of ₹ 1261.66 crs. as at 31st December 2012, revenue of ₹ 2297.80 crs. and net cash inflow of ₹ 17.94 crs. for the year ended on that date. The unaudited financial statements of subsidiary, namely, J. K. International Limited, were approved by its board of directors and were furnished to us by the management. Further the financial statements of all the other subsidiaries have been audited by other auditors, whose reports have been furnished to us by the management 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.

We did not audit the financial statements of associate, namely, Valiant Pacific LLC., in whose audited financial statements the group's share of profit ₹ 6.48 crs. for the year then ended. The said financial statements have been audited by other auditors whose reports have been furnished to us by the management, 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.

The financial statements of associate, namely, Hari Shankar Singhania Elastomer and Tyre Research Institute has not been considered for consolidation as stated in Note no. 1(a)(ii) of the accompanying Consolidated Financial Statements.

Our opinion is not qualified in respect of other matters.

For LODHA & CO.  
Firm Registration Number: 301051E  
Chartered Accountants

SAURABH CHHAJER  
Partner

New Delhi, the 27th May, 2013

Membership No: 403325

# JK TYRE & INDUSTRIES LIMITED

## CONSOLIDATED BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH 2013

₹ in Crores (10 Million)

	Note No.	31.03.2013	31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	41.06	41.06
Reserves and Surplus	3	865.39	714.26
		<u>906.45</u>	<u>755.32</u>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	1241.82	1144.72
Deferred tax liabilities (Net)	5	192.05	147.56
Other Long-term liabilities	6	342.95	344.02
Long-term provisions	7	71.02	49.75
		<u>1847.84</u>	<u>1686.05</u>
<b>Current Liabilities</b>			
Short-term borrowings	8	1292.88	900.33
Trade payables		899.92	1284.52
Other current liabilities	9	431.50	390.03
Short-term provisions	10	183.96	124.25
		<u>2808.26</u>	<u>2699.13</u>
<b>TOTAL</b>		<u><b>5562.55</b></u>	<u>5140.50</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
- Tangible assets	11	2713.31	1866.46
- Intangible assets	11	1.12	3.10
- Capital work-in-progress		76.20	765.15
Non-current investments	12	103.87	100.69
Long-term loans and advances	13	186.56	77.07
		<u>3081.06</u>	<u>2812.47</u>
<b>Current Assets</b>			
Inventories	14	933.75	781.85
Trade receivables	15	1049.94	1009.76
Cash and bank balances	16	140.10	104.93
Short-term loans and advances	17	357.26	343.31
Other current assets	18	0.44	88.18
		<u>2481.49</u>	<u>2328.03</u>
<b>TOTAL</b>		<u><b>5562.55</b></u>	<u>5140.50</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

SAURABH CHHAJER  
Partner

P.K. RUSTAGI  
Secretary

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

Chairman & Managing Director  
Managing Director

Directors

New Delhi, the 27th May, 2013



# JK TYRE & INDUSTRIES LIMITED

## CONSOLIDATED PROFIT & LOSS STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2013

₹ in Crores (10 Million)

	Note No.	2012-2013	2011-2012
Revenue from operations	19	<b>7556.56</b>	7287.85
Less: Excise Duty		<b>571.33</b>	504.88
Net Revenue from operations		<b>6985.23</b>	6782.97
Other income	20	<b>13.72</b>	3.77
<b>Total Revenue [ I ]</b>		<b>6998.95</b>	6786.74
<b>Expenses</b>			
Cost of materials consumed	21	<b>4830.75</b>	4993.25
Purchases of Stock-in-Trade	22	<b>53.58</b>	69.79
(Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-trade	23	<b>(52.76)</b>	83.18
Employee benefits expense	24	<b>590.28</b>	502.37
Other expenses	25	<b>945.37</b>	805.52
<b>Total [ II ]</b>		<b>6367.22</b>	6454.11
<b>Profit before Interest, Depreciation &amp; Tax (PBIDT) [ I - II ]</b>		<b>631.73</b>	332.63
Finance costs	26	<b>232.75</b>	187.50
Depreciation and amortisation expense	27	<b>132.82</b>	121.05
<b>Profit before exceptional items and tax</b>		<b>266.16</b>	24.08
Exceptional Items	35	<b>(1.87)</b>	(47.08)
<b>Profit / (Loss) before tax</b>		<b>264.29</b>	(23.00)
Tax Expense:			
- Current Tax		<b>53.09</b>	15.15
- MAT Credit Entitlement		<b>(30.11)</b>	(2.63)
- Deferred Tax		<b>44.49</b>	2.70
<b>Profit / (Loss) after tax</b>		<b>196.82</b>	(38.22)
Share in Profits of Associate		<b>6.48</b>	6.23
<b>Profit / (Loss) for the year</b>		<b>203.30</b>	(31.99)
<b>Basic and Diluted Earnings per equity share (₹):</b>	36		
- Cash		<b>92.70</b>	22.35
- After Tax		<b>49.51</b>	(7.79)

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

As per our report of even date

For LODHA & CO.  
Chartered Accountants

SAURABH CHHAJER  
Partner

P.K. RUSTAGI  
Secretary

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

Chairman & Managing Director  
Managing Director

Directors

New Delhi, the 27th May, 2013

**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 31.03.2013:

i) **Subsidiaries:**

Name	Proportion of ownership interest	Financial Statements as on
J. K. International Ltd., U.K	100%	31.03.2013
J. K. Asia Pacific Ltd., Hong Kong	100%	31.03.2013
J. K. Asia Pacific (S) Pte Ltd., Singapore	100%	31.03.2013
Lankros Holdings Ltd., Cyprus	100%	31.12.2012
Sarvi Holdings Switzerland AG., Switzerland	100%	31.12.2012
JK Tornel S.A. de C.V., Mexico	99.96%	31.12.2012
Comercializadora América Universal, S.A. de C.V., Mexico	99.96%	31.12.2012
Compañía Hulera Tacuba, S.A. de C.V., Mexico	99.96%	31.12.2012
Compañía Hulera Tornel, S.A. de C.V., Mexico	99.96%	31.12.2012
Compañía Inmobiliaria Norida, S.A. de C.V., Mexico	99.96%	31.12.2012
General de Inmuebles Industriales, S.A. de C.V., Mexico	99.96%	31.12.2012
Gintor Administración, S.A. de C.V., Mexico	99.96%	31.12.2012
Hules y Procesos Tornel, S.A. de C.V., Mexico	99.96%	31.12.2012

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

ii) **Associates:**

Name	Status	Ownership Interest	Financial Statements as on
Valiant Pacific LLC., UAE	Audited	49%	31.12.2012

Hari Shankar Singhania Elastomer and Tyre Research Institute being an approved Scientific and Research Institute can not be consolidated as the equity of the said Institute is not available for distribution to its members.

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 statement in respect of the change attributable to the associates' profit and loss statement 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) In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average exchange rate during the year. All assets and liabilities are translated at year end exchange rate. The resulting exchange differences 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.



₹ in Crores (10 Million)  
As at  
31.03.2013      As at  
31.03.2012

**Note - 2**

**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
	<u><b>180.00</b></u>	<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
	<u><b>41.06</b></u>	<u>41.06</u>

**Note - 3**

**RESERVES AND SURPLUS**

**Capital Reserve**

Opening Balance	<b>181.27</b>	187.18
Addition during the year (a)	<b>22.38</b>	14.06
Transfer during the year (b)	<b>(21.50)</b>	(19.97)
	<u><b>182.15</b></u>	(c) <u>181.27</u>

**Capital Redemption Reserve**

Opening Balance	<b>7.00</b>	7.00
	<u><b>7.00</b></u>	<u>7.00</u>

**Securities Premium Reserve**

Opening Balance	<b>217.70</b>	218.09
Transfer during the year (d)	<b>-</b>	(0.39)
	<u><b>217.70</b></u>	<u>217.70</u>

**Debenture Redemption Reserve**

Opening Balance	<b>-</b>	0.71
Transfer during the year	<b>-</b>	(0.71)
	<u><b>-</b></u>	<u>-</u>

**Revaluation Reserve**

Opening Balance	<b>40.98</b>	83.78
Transfer during the year (e)	<b>(18.90)</b>	(42.80)
	<u><b>22.08</b></u>	<u>40.98</u>

**General Reserve**

Opening Balance	<b>325.34</b>	315.34
Addition during the year	<b>60.00</b>	10.00
	<u><b>385.34</b></u>	<u>325.34</u>

**₹ in Crores (10 Million)**  
**As at**                      **As at**  
**31.03.2013**              **31.03.2012**

**Foreign Currency Translation Reserve**

Opening Balance	<b>(5.75)</b>	4.25
Transfer during the year	<b>(17.34)</b>	(10.00)
	<u><b>(23.09)</b></u>	<u>(5.75)</u>

**Surplus in Profit and Loss Statement**

Opening Balance	<b>(52.28)</b>	0.93
Addition during the year	<b>203.30</b>	(31.99)
Debenture Redemption Reserve no longer required	-	0.71
Amount available for appropriation	<u><b>151.02</b></u>	<u>(30.35)</u>

**Appropriation:**

Transfer to General Reserve	<b>(60.00)</b>	(10.00)
Proposed Dividend @ ₹ 3.50 (Previous year: ₹ 2.50) per equity share	<b>(14.37)</b>	(10.26)
Corporate Dividend Tax	<b>(2.44)</b>	(1.67)
Closing Balance	<u><b>74.21</b></u>	<u>(52.28)</u>
<b>Total</b>	<u><b>865.39</b></u>	<u>714.26</u>

(a) Represents Capital Subsidy of ₹ 1.50 crs. (Previous year: Nil) and gain on reinstatement of net Capital Reserve on Consolidation of ₹ 20.88 crs. (Previous year: ₹ 14.06 crs.) as at Balance Sheet date.

(b) ₹ 20.96 crs. (Previous year: ₹ 19.97 crs.) towards depreciation arising out of revaluation for foreign subsidiaries transferred to Profit & Loss Statement and ₹ 0.54 cr. (Previous year: Nil) adjusted for Fixed Assets sold / transferred.

(c) Capital Reserve at year end, includes ₹ 180.65 crs. (Previous year: ₹ 181.27 crs.) on Consolidation.

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

(e) ₹ 16.09 crs. (Previous year: ₹ 23.37 crs.) towards depreciation arising out of revaluation transferred to Profit & Loss Statement and ₹ 2.81 crs. (Previous year: ₹ 19.43 crs.) adjusted for Fixed Assets sold / transferred.

**Note - 4**

	Non Current		Current*	
	As at <b>31.03.2013</b>	As at 31.03.2012	As at <b>31.03.2013</b>	As at 31.03.2012
<b>LONG-TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Term Loans:				
- Financial Institutions	<b>209.83</b>	94.29	-	-
- Banks	<b>859.47</b>	793.70	<b>64.72</b>	54.78
- Others	<b>49.07</b>	57.29	<b>8.23</b>	8.22
Deferred Sales Tax	-	5.52	<b>5.52</b>	12.21
	<u><b>1118.37</b></u>	<u>950.80</u>	<u><b>78.47</b></u>	<u>75.21</u>
<b>UNSECURED LOANS</b>				
Deferred Sales Tax	<b>102.72</b>	121.51	<b>25.68</b>	-
Fixed Deposits	<b>20.73</b>	22.41	<b>14.50</b>	20.25
Loan from Bank	-	50.00	<b>50.00</b>	-
	<u><b>123.45</b></u>	<u>193.92</u>	<u><b>90.18</b></u>	<u>20.25</u>
	<u><b>1241.82</b></u>	<u>1144.72</u>	<u><b>168.65</b></u>	<u>95.46</u>
Less: Amount Disclosed under the head "Other Current Liabilities" (Note No. 9)	-	-	<u><b>(168.65)</b></u>	<u>(95.46)</u>
	<u><b>1241.82</b></u>	<u>1144.72</u>	<u>-</u>	<u>-</u>

\* Payable during next 12 months.



₹ in Crores (10 Million)

<b>Note - 5</b>	<b>As at</b>	<b>As at</b>
<b>DEFERRED TAX LIABILITIES (NET)</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
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	<b>238.38</b>	190.19
2. Deferred Tax Assets		
(i) Expenses / Provision Allowable	<b>8.64</b>	11.97
(ii) Unabsorbed depreciation	<b>37.69</b>	30.66
3. Deferred Tax Liability / (Asset) - Net	<b>192.05</b>	147.56

Certain foreign Subsidiaries have not recognised deferred tax asset (net) based upon prudence.

₹ in Crores (10 Million)

<b>Note - 6</b>	<b>As at</b>	<b>As at</b>
<b>OTHER LONG-TERM LIABILITIES</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Trade Deposits & Others	<b>342.95</b>	344.02
	<b>342.95</b>	344.02

**Note - 7**

**LONG-TERM PROVISIONS**

Provision for Employee Benefits	<b>71.02</b>	49.75
	<b>71.02</b>	49.75

**Note - 8**

**SHORT-TERM BORROWINGS**

**SECURED LOANS**

Repayable on demand from Banks	<b>1138.67</b>	779.01
	<b>1138.67</b>	779.01

**UNSECURED LOANS**

Fixed Deposits	<b>4.53</b>	5.43
Short-term Loans from Banks	<b>149.68</b>	115.89
	<b>154.21</b>	121.32
	<b>1292.88</b>	900.33

**Note - 9**

**OTHER CURRENT LIABILITIES**

Current maturities of long-term borrowings	<b>168.65</b>	95.46
Interest accrued but not due on borrowings	<b>9.67</b>	12.56
Unclaimed dividends #	<b>0.58</b>	0.58
Unclaimed / Uncollected Fixed Deposits and interest accrued thereon #	<b>2.51</b>	1.85
Others:		
- Government and Other Statutory Dues	<b>134.14</b>	126.44
- Other Payables	<b>115.95</b>	153.14
	<b>431.50</b>	390.03

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



**₹ in Crores (10 Million)**  
As at As at  
**31.03.2013** 31.03.2012

**Note - 10**

**SHORT-TERM PROVISIONS**

Provision for Employee Benefits	<b>19.56</b>	6.64
Others:		
- Provision for Taxation	<b>147.59</b>	105.68
- Proposed Dividend	<b>14.37</b>	10.26
- Provision for Corporate Dividend Tax	<b>2.44</b>	1.67
	<b><u>183.96</u></b>	<u>124.25</u>

**Note - 11**

**FIXED ASSETS**

**₹ in Crores (10 Million)**

Particulars	Gross Value				As at 31.03.2013	Depreciation / Amortisation				Upto 31.03.2013	Net Value	
	As at 31.03.2012	Additions/ Adjustments <sup>^</sup>	Sales/ Adjustments	Translation Adjustment @		Upto 31.3.2012	For the Year	Sales/ Adjustments	Translation Adjustment @		As at 31.03.2013	As at 31.03.2012
<b>(i) Tangible Assets</b>												
Land - Freehold	155.68	45.93	0.76	(11.91)	<b>212.76</b>	-	-	-	-	-	<b>212.76</b>	155.68
- Leasehold	10.66	-	0.02	-	<b>10.64</b>	1.10	0.11	-	-	<b>1.21</b>	<b>9.43</b>	9.56
Buildings*	473.08	179.90	-	(12.64)	<b>665.62</b>	112.05	16.82	-	(3.45)	<b>132.32</b>	<b>533.30</b>	361.03
Plant and Equipments	2742.02	759.75	26.23	(31.25)	<b>3506.79</b>	1439.21	146.34	19.42	(17.91)	<b>1584.04</b>	<b>1922.75</b>	1302.81
Furniture & Fixtures	21.04	1.66	2.98	(0.53)	<b>20.25</b>	11.31	1.28	2.13	(0.31)	<b>10.77</b>	<b>9.48</b>	9.73
Office Equipments	19.19	2.23	0.11	(0.63)	<b>21.94</b>	11.56	1.00	0.03	(0.58)	<b>13.11</b>	<b>8.83</b>	7.63
Vehicles	28.32	4.37	7.44	(0.19)	<b>25.44</b>	8.30	2.34	2.14	(0.18)	<b>8.68</b>	<b>16.76</b>	20.02
	<b>3449.99</b>	<b>993.84</b>	<b>37.54</b>	<b>(57.15)</b>	<b>4463.44</b>	<b>1583.53</b>	<b>167.89</b>	<b>23.72</b>	<b>(22.43)</b>	<b>1750.13</b>	<b>2713.31</b>	<b>1866.46</b>
Previous Year	3365.67	183.28	137.08	(38.12)	3449.99	1515.65	162.03	107.12	(12.97)	1583.53	1866.46	
<b>(ii) Intangible Assets</b>												
Software #	11.78	-	-	-	<b>11.78</b>	8.68	1.98	-	-	<b>10.66</b>	<b>1.12</b>	3.10
	11.78	-	-	-	<b>11.78</b>	8.68	1.98	-	-	<b>10.66</b>	<b>1.12</b>	3.10
Previous Year	11.78	-	-	-	11.78	6.32	2.36	-	-	8.68	3.10	

\* Buildings include ₹ 2.05 crs. constructed on Leased Land, 32 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 ₹ 87.70 crs. and foreign exchange fluctuation ₹ 11.98 crs. (Unamortised fluctuation ₹ 11.86 crs.).

^ Government Subsidy of ₹ 5.05 crs. is reduced from cost of Plant & Equipments.

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 ₹ 982.24 crs. as at 31.03.2013 (Previous year: ₹ 961.13 crs.) arising on revaluation.

**₹ in Crores (10 Million)**  
As at As at  
**31.03.2013** 31.03.2012

**Note - 12**

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

(Other than trade)

Investment in Shares:

Equity	<b>37.56</b>	4.36
Preference	<b>25.13</b>	19.13
Investment in associates*	<b>34.32</b>	27.84
Bonds	<b>6.61</b>	49.11
Mutual Funds	<b>0.25</b>	0.25
Government Securities (₹ 25000; As at 31.03.2012: ₹ 25000)		
	<b><u>103.87</u></b>	<u>100.69</u>

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



₹ in Crores (10 Million)

As at 31.03.2013      As at 31.03.2012

**Note - 13**

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

Advances - Project related	17.51	46.19
Security Deposits with Government Authorities and Others	34.91	28.25
Loans & Advances to related party	101.40	-
MAT Credit Entitlement	32.74	2.63
	<u>186.56</u>	<u>77.07</u>

**Note - 14**

**INVENTORIES**

(Valued at lower of cost or net realisable value)

Raw Materials*	332.91	386.82
Work-in-Progress	74.89	66.82
Finished Goods**	464.78	283.04
Stock-in-trade	10.61	8.10
Stores and Spares	50.56	37.07
	<u>933.75</u>	<u>781.85</u>

\* Includes raw materials in transit ₹ 88.84 crs. (Previous year: ₹ 52.42 crs.)

\*\* Includes finished goods in transit ₹ 5.17 crs. (Previous year: ₹ 2.62 crs.)

**Note - 15**

**TRADE RECEIVABLES** (Unsecured)

(a) Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	38.42	52.48
Doubtful	23.27	23.01
Less: Allowance for Bad and Doubtful debts	(23.27)	(23.01)
(b) Others (Considered Good)	1011.52	957.28
	<u>1049.94</u>	<u>1009.76</u>

**Note - 16**

**CASH & BANK BALANCES**

(a) <i>Cash and Cash Equivalents</i>		
Balances with Banks:		
Current Accounts	13.82	17.49
Deposit Accounts	38.89	17.94
Remittances in transit and Cheques on hand	86.54	68.71
Cash on hand	0.27	0.21
	<u>139.52</u>	<u>104.35</u>
(b) <i>Other Bank Balances</i>		
Unclaimed Dividend Accounts	0.58	0.58
	<u>140.10</u>	<u>104.93</u>

**₹ in Crores (10 Million)**  
**As at**                      **As at**  
**31.03.2013**              **31.03.2012**

**Note - 17**

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

Balance with Government Authorities	<b>173.94</b>	183.22
Export Benefit Receivable	<b>7.81</b>	6.58
Loans and Advances to related parties	<b>7.47</b>	-
Prepaid Expenses	<b>5.37</b>	7.52
MAT Credit Entitlement	<b>8.74</b>	8.74
Income Tax Advance Payments	<b>124.76</b>	107.41
Other Advances	<b>29.17</b>	29.84*
	<b><u>357.26</u></b>	<u>343.31</u>

\* 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 - 18**

**OTHER CURRENT ASSETS**

Receivables against Sale of Fixed Assets	-	87.74
Interest Accrued on Investments	<b>0.44</b>	0.44
	<b><u>0.44</u></b>	<u>88.18</u>

**Note - 19**

**REVENUE FROM OPERATIONS**

Sales:		
Tyres	<b>6987.55</b>	6718.03
Tubes & Others	<b>528.98</b>	535.44
Royalty	<b>3.65</b>	4.52
Other operating revenues:		
Liability for earlier years written back	<b>1.98</b>	-
Miscellaneous Income	<b>34.40</b>	29.86
	<b><u>7556.56</u></b>	<u>7287.85</u>

**Note - 20**

**OTHER INCOME**

Income from Long-term Investments		
- Dividends	<b>0.02</b>	0.01
- Interest	<b>0.58</b>	0.58
- Reversal of Provision for Diminution in value of Long-term Investments	<b>0.03</b>	-
Other Interest Income	<b>13.09</b>	3.18
	<b><u>13.72</u></b>	<u>3.77</u>

**Note - 21**

**COST OF MATERIALS CONSUMED**

Rubber	<b>2967.80</b>	3225.81
Reinforcement Material	<b>725.80</b>	712.94
Carbon Black	<b>571.35</b>	511.52
Chemicals & Others	<b>565.80</b>	542.98
	<b><u>4830.75</u></b>	<u>4993.25</u>

**Note - 22**

**PURCHASES OF STOCK-IN-TRADE**

Tyres	<b>7.64</b>	0.27
Tubes	<b>0.89</b>	22.27
Flaps	<b>45.05</b>	47.25
	<b><u>53.58</u></b>	<u>69.79</u>



₹ in Crores (10 Million)  
2012-2013      2011-2012

**Note - 23**

**(INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS,  
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

**Opening Stock**

Finished Goods	283.04	370.34
Work-in-Progress	66.82	58.67
Stock-in-Trade	8.10	6.90

(A) 357.96      435.91

**Closing Stock**

Finished Goods	464.78	283.04
Work-in-Progress	74.89	66.82
Stock-in-Trade	10.61	8.10

(B) 550.28      357.96

(A-B) (192.32)      77.95

(Increase) / Decrease in Stocks  
Less: Adjustments for differential excise duty\* / pre-operative period Stock

(139.56)      (5.23)

Net (Increase) / Decrease in Stocks

(52.76)      83.18

\* For 2012-13 ₹ (15.11 crs.) (Previous year: ₹ 2.37 crs.)

**Note - 24**

**EMPLOYEE BENEFITS EXPENSE**

Salaries and Wages	410.25	348.80
Contribution to Provident and other Funds	76.88	57.30
Employees' Welfare and other Benefits	103.15	96.27
	<u>590.28</u>	<u>502.37</u>

**Note - 25**

**OTHER EXPENSES**

Conversion Charges	49.94	47.49
Consumption of Stores and spares	69.54	65.76
Power and Fuel	274.30	275.02
Rent	13.92	16.54
Lease Rent	19.34	0.04
Repairs to Buildings	6.71	3.99
Repairs to Machinery	29.97	26.48
Insurance	9.11	7.61
Rates & Taxes	17.49	14.25
Discount & Commission	61.46	37.68
Freight and Transportation	187.44	156.55
Advertisement and sales promotion	58.33	49.92
Provision for Diminution in value of long-term investments	-	0.23
Bad Debts written off	0.34	0.43
Provision for Doubtful Debts / Advances	19.75	4.04
Miscellaneous Expenses	127.73	99.49
	<u>945.37</u>	<u>805.52</u>

**Note - 26**

**FINANCE COSTS**

Interest Expenses	229.76	185.79
Other Borrowing Costs	2.99	1.71
	<u>232.75</u>	<u>187.50</u>

**Note - 27**

**DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation and Amortisation	169.87	164.39
Less: Transfer from Revaluation Reserve	(37.05)	(43.34)
	<u>132.82</u>	<u>121.05</u>

28. Estimated amount of contracts remaining to be executed on capital account ₹ 46.53 crs. (Previous year: ₹ 145.19 crs.).
29. Contingent liabilities in respect of claims not accepted and not provided for ₹ 37.64 crs. (Previous year: ₹ 48.87 crs.), pertaining to Excise duty matters in appeal ₹ 4.00 crs., Service Tax matters ₹ 0.04 cr., Sales Tax matters in appeal ₹ 3.64 crs., Income Tax matters in appeal ₹ 3.78 crs. & Other matters ₹ 26.18 crs. (Previous year: ₹ 4.47 crs., ₹ 0.04 cr., ₹ 5.59 crs., ₹ 10.54 crs. & ₹ 28.23 crs. respectively).
30. Bills discounted with Banks outstanding ₹ 4.24 crs. (Previous year: ₹ 12.53 crs.).
31. 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 Statement. 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.
32. 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 ₹ 61.82 crs. (Previous year: ₹ 101.29 crs.).
33. 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.
34. 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.
35. Exceptional items include net impact of unfavourable Foreign Exchange Rate fluctuation ₹ 23.14 crs. (Previous year: ₹ 111.92 crs.), net gain on sale of certain assets ₹ 24.93 crs. (Previous year: ₹ 76.42 crs.), and expenditure on Voluntary Retirement Scheme (VRS) for the employees ₹ 3.66 crs. (Previous year: ₹ 11.58 crs.).
36. Earnings Per Share:
- |   | <b>₹ in Crores (10 Million)</b> |           |
|---|---------------------------------|-----------|
|   | <b>2012-2013</b>                | 2011-2012 |
| a. Profit / (loss) for the year   | <b>203.30</b>                   | (31.99)   |
| b. Weighted average number of equity shares                               | <b>41059346</b>                 | 41059346  |
| c. Basic and Diluted Earnings per equity share (₹) (Face Value ₹ 10 each) |                                 |           |
| - Cash  | <b>92.70</b>                    | 22.35     |
| - After Tax   | <b>49.51</b>                    | (7.79)    |
37. Debts over six months / Advances include ₹ 24.04 crs. (Previous year: ₹ 24.21 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.
38. Auditors of a subsidiary company J. K. Asia Pacific Limited have invited attention towards recoverability in respect of amount due ₹ 0.79 cr. equivalent HK\$ 1124838 (Previous year: ₹ 0.75 cr. equivalent HK\$ 1124838) from an associate company.
39. 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  
 Shri Bharat Hari Singhania  
 Shri Vikrampati Singhania  
 Shri Swaroop Chand Sethi  
 Shri Arun Kumar Bajoria
- Chairman & Managing Director  
 Managing Director  
 Dy. Managing Director  
 Whole Time Director  
 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>0.19</b>	<b>0.19</b>
Purchase of cement from JKLC & Spares from FIL		(0.12)	(0.12)
Purchase of Capital Items from FIL		(0.02)	(0.02)
<b>Purchase of Raw Material from VPL</b>	<b>230.93</b>		<b>230.93</b>
Purchase of Raw Material from VPL	(184.46)		(184.46)
<b>Sale of Capital items to FIL</b>		<b>28.50</b>	<b>28.50</b>
Sale of Capital items to FIL		(87.78)	(87.78)
<b>Sale of Tyres to VPL &amp; JKLC</b>	<b>399.87</b>	<b>0.53</b>	<b>400.40</b>
Sale of Tyres to VPL & JKLC	(369.67)	(0.86)	(370.53)
<b>Sale of Stores to HASETRI</b>	<b>0.07</b>		<b>0.07</b>
Sale of Stores to HASETRI	(0.05)		(0.05)
<b>Sharing of Expenses received - HASETRI, JKLC &amp; FIL - 0.63</b>	<b>1.48</b>	<b>0.98</b>	<b>2.46</b>
Sharing of Expenses received - HASETRI, JKLC & FIL - 0.71	(1.30)	(1.23)	(2.53)
<b>Sharing of Expenses paid - JKLC &amp; FIL - 0.50</b>		<b>0.99</b>	<b>0.99</b>
Sharing of Expenses paid - JKLC & FIL - 0.46		(0.89)	(0.89)
<b>Services Availed - HASETRI - 15.61, VPL &amp; JKLC</b>	<b>15.76</b>	<b>3.58</b>	<b>19.34</b>
Services Availed - HASETRI - 10.34, VPL, FIL & JKLC - 3.07	(10.45)	(3.08)	(13.53)
<b>Loans / Advances given - HASETRI, FIL - 117.05 &amp; JKLC</b>	<b>0.71</b>	<b>117.17</b>	<b>117.88</b>
Loans / Advances given - HASETRI, FIL - 0.28 & JKLC	(0.67)	(0.34)	(1.01)
<b>Loans / Advances recovered - FIL</b>		<b>8.17</b>	<b>8.17</b>
Loans / Advances recovered - HASETRI & FIL	(0.50)	(0.58)	(1.08)
<b>Loans / Advances received - HASETRI, VPL - 0.17, JKLC</b>	<b>0.22</b>	<b>0.51</b>	<b>0.73</b>
Loans / Advances received - HASETRI, VPL, JKLC - 0.45 & FIL	(0.03)	(0.49)	(0.52)
<b>Loans / Advances repaid - JKLC</b>		<b>0.12</b>	<b>0.12</b>
Loans / Advances repaid - VPL & FIL	(0.24)	(0.01)	(0.25)
<b>Guarantee Given for VPL</b>	<b>26.82</b>		<b>26.82</b>
<b>Lease Rent paid to FIL</b>		<b>23.16</b>	<b>23.16</b>
Lease Rent paid to FIL		(0.04)	(0.04)
<b>Interest Income from FIL</b>		<b>10.25</b>	<b>10.25</b>
<b>Royalty income from VPL</b>	<b>3.65</b>		<b>3.65</b>
Royalty income from VPL	(4.52)		(4.52)
<b>Contribution to HASETRI</b>	<b>0.70</b>		<b>0.70</b>
Contribution to HASETRI	(0.50)		(0.50)
<b>Outstanding as at year end:</b>			
<b>Receivable:</b>			
<b>VPL - 54.37, JKLC - 2.07 &amp; FIL - 108.97</b>	<b>54.37</b>	<b>111.04</b>	<b>165.41</b>
VPL - 48.67, JKLC - 2.01 & FIL - 87.83	(48.67)	(89.84)	(138.51)
<b>Guarantee Given on behalf of VPL</b>	<b>61.82</b>		<b>61.82</b>
Guarantee Given on behalf of VPL	(101.29)		(101.29)

Remuneration paid to Key Management Personnel (KMP) for the year ₹ 9.29 crs. (Previous year: ₹ 7.40 crs.).

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

40. Segment Information for the year ended 31st March, 2013  
Information about Primary Geographical Segments:

₹ in Crores (10 Million)

Particulars	India		Mexico		Others		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>1. REVENUE</b>								
External Revenue from Operation	<b>5430.83</b>	5479.58	<b>1571.64</b>	1303.39	<b>0.01</b>	-	<b>7002.48</b>	6782.97
Inter segment Sales	<b>(17.25)</b>	-	-	-	-	-	<b>(17.25)</b>	-
Total Sales	<b>5413.58</b>	5479.58	<b>1571.64</b>	1303.39	<b>0.01</b>	-	<b>6985.23</b>	6782.97
Other Income	<b>12.88</b>	2.98	<b>0.82</b>	0.79	<b>0.02</b>	-	<b>13.72</b>	3.77
<b>Total Revenue</b>	<b>5426.46</b>	5482.56	<b>1572.46</b>	1304.18	<b>0.03</b>	-	<b>6998.95</b>	6786.74
<b>2. RESULT</b>								
Segment result (PBIT) before exceptional items	<b>370.10</b>	181.04	<b>129.02</b>	30.82	<b>(0.21)</b>	(0.28)	<b>498.91</b>	211.58
Finance Costs	<b>206.53</b>	170.43	<b>26.21</b>	17.07	<b>0.01</b>	-	<b>232.75</b>	187.50
<b>Profit / (Loss) before Exceptional Items</b>	<b>163.57</b>	10.61	<b>102.81</b>	13.75	<b>(0.22)</b>	(0.28)	<b>266.16</b>	24.08
Exceptional Items	<b>(31.43)</b>	1.65	<b>29.57</b>	(48.72)	<b>(0.01)</b>	(0.01)	<b>(1.87)</b>	(47.08)
<b>Profit / (Loss) before Tax</b>	<b>132.14</b>	12.26	<b>132.38</b>	(34.97)	<b>(0.23)</b>	(0.29)	<b>264.29</b>	(23.00)
Income Taxes	<b>44.77</b>	1.80	<b>22.70</b>	13.42	-	-	<b>67.47</b>	15.22
<b>Profit / (Loss) after Tax</b>	<b>87.37</b>	10.46	<b>109.68</b>	(48.39)	<b>(0.23)</b>	(0.29)	<b>196.82</b>	(38.22)
Share of Profit in Associate	-	-	-	-	<b>6.48</b>	6.23	<b>6.48</b>	6.23
<b>Net Profit</b>	<b>87.37</b>	10.46	<b>109.68</b>	(48.39)	<b>6.25</b>	5.94	<b>203.30</b>	(31.99)
<b>3. OTHER INFORMATION</b>								
Segment assets	<b>4691.92</b>	4294.41	<b>834.93</b>	816.84	<b>35.70</b>	29.25	<b>5562.55</b>	5140.50
Segment liabilities	<b>3991.35</b>	3657.85	<b>664.61</b>	727.21	<b>0.14</b>	0.12	<b>4656.10</b>	4385.18
Capital Expenditure	<b>257.42</b>	689.11	<b>18.79</b>	9.22	-	-	<b>276.21</b>	698.33
Depreciation	<b>112.65</b>	101.41	<b>20.17</b>	19.64	-	-	<b>132.82</b>	121.05
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.

41. Work-in-Progress:

₹ in Crores (10 Million)

	As at 31.03.2013	As at 31.03.2012
Compounds	<b>38.65</b>	32.54
Semi-finished Tyres	<b>18.42</b>	17.38
Others	<b>17.82</b>	16.90
	<b>74.89</b>	66.82

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

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

44. Previous year figures have been reclassified / regrouped / recast, wherever necessary.

As per our report of even date

For LODHA & CO.  
Chartered Accountants

SAURABH CHHAJER  
Partner

P.K. RUSTAGI  
Secretary

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

Chairman & Managing Director  
Managing Director

Directors

New Delhi, the 27th May, 2013



# JK TYRE & INDUSTRIES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2013

₹ in Crores (10 Million)  
2012-2013                      2011-2012

	2012-2013	2011-2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit / (loss) before tax	264.29	(23.00)
Adjustment for:		
Depreciation and Amortisation Expense	169.87	164.39
Transferred from Revaluation Reserve	(37.05)	(43.34)
Finance Costs	232.75	187.50
(Profit) / Loss on sale of assets	(24.93)	(76.42)
Foreign Exchange Fluctuation	(25.45)	53.64
Foreign Currency Translation gain / (loss) on Consolidation	(5.48)	(5.22)
Diminution in value of Investments	(0.03)	0.23
Interest / Dividend Received	(13.69)	(3.77)
Provision for Doubtful Debts / Advances & Balances Written off	20.09	4.47
Earlier Year Provisions no longer required	(1.98)	-
Operating Profit before working capital changes	578.39	258.48
(Increase) / Decrease in Trade and Other Receivables	(42.72)	(247.87)
(Increase) / Decrease in Inventories	(142.18)	42.95
Increase / (Decrease) in Trade and other Payables	(379.73)	321.26
Cash generated from Operations	13.76	374.82
Direct taxes (net)	(29.23)	(14.59)
Net Cash from / (used in) Operating activities	<u>(15.47)</u>	<u>360.23</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(241.16)	(623.89)
Sale of Fixed Assets	10.39	9.94
Movement in Loan	7.37	6.20
Purchase of Investments	(3.67)	(21.05)
Redemption of Investment	10.00	13.50
Interest Received	13.67	3.76
Dividend Received	0.02	0.01
Net Cash used in Investing activities	<u>(203.38)</u>	<u>(611.53)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	650.45	845.56
Repayment of borrowings	(101.88)	(372.29)
Finance Costs Paid	(284.89)	(219.50)
Dividend paid (including dividend tax)	(11.93)	(14.24)
Net Cash from Financing activities	251.75	239.53
Net increase / (decrease) in Cash and Cash Equivalents	32.90	(11.77)
Cash and Cash Equivalents as at the beginning of the year	104.35	114.47
Foreign Currency Translation gain / (loss) on Cash and Cash Equivalents	2.27	1.65
Cash and Cash Equivalents as at the end of the year	<u>139.52</u>	<u>104.35</u>

### Notes:

Cash and Cash Equivalents Include:

- Cash, Cheques on hand and Remittances in transit	86.81	68.92
- Balances with Banks	50.44	33.78
- Unrealised Translation gain on Foreign Currency balances	2.27	1.65
Total	<u>139.52</u>	<u>104.35</u>

As per our report of even date

For LODHA & CO.  
Chartered Accountants

SAURABH CHHAJER  
Partner

P.K. RUSTAGI  
Secretary

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

Chairman & Managing Director  
Managing Director

Directors

New Delhi, the 27th May, 2013



**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	0.73	1.47	1.47	-	0.01	(0.01)	-	(0.01)	-
3.	J. K. Asia Pacific (S) Pte. Ltd. (Subs. of J. K. Asia Pacific Ltd.)	0.34	0.69	1.06	1.06	0.21	0.01	(0.03)	-	(0.03)	-
4.	Lankros Holdings Ltd.	26.31	0.11	26.84	26.84	-	-	(0.06)	-	(0.06)	-
5.	Sarvi Holdings Switzerland AG. (Subs. of Lankros Holdings Ltd.)	27.24	(1.54)	26.01	26.01	-	0.01	(0.12)	-	(0.12)	-
6.	JK Tornel S.A. de C.V. (JKTSA) (Subs. of Sarvi Holdings Switzerland AG.)	25.75	(168.37)	234.41	234.41	-	769.97	30.62	-	30.62	-
7.	Comercializadora América Universal, S.A. de C.V. (Subs. of JKTSA)	0.02	3.21	3.38	3.38	-	0.07	(0.36)	-	(0.36)	-
8.	Compañía Hulera Tacuba, S.A. de C.V. (Subs. of JKTSA)	0.41	65.72	139.56	139.56	-	7.14	3.41	0.61	2.80	-
9.	Compañía Hulera Tornel, S.A. de C.V. (Subs. of JKTSA)	81.85	36.99	546.04	546.04	-	1480.04	75.49	20.75	54.74	-
10.	Compañía Inmobiliaria Norida, S.A. de C.V. (Subs. of JKTSA)	1.48	159.62	172.79	172.79	-	7.36	3.40	-	3.40	-
11.	General de Inmuebles Industriales, S.A. de C.V. (Subs. of JKTSA)	0.05	36.49	40.32	40.32	-	3.93	2.37	0.55	1.82	-
12.	Gintor Administración, S.A. de C.V. (Subs. of JKTSA)	0.01	3.85	60.10	60.10	-	27.31	0.73	0.69	0.04	-
13.	Hules y Procesos Tornel, S.A. de C.V. (Subs. of JKTSA) (* ₹ 2056)	*	10.11	12.21	12.21	-	1.97	0.61	0.10	0.51	-

Converted at exchange rates as applicable.

The Company has complied with the conditions as stipulated by the 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

In India over one lac thirty five thousand lives are lost per year due to road accidents. This is 37% of total accidental deaths in India. At JK Tyre with single minded purpose, sustained efforts have been made to enhance awareness on road safety since this cause needs much higher levels of attention. Also with a tyre being the only point of contact of a vehicle with the road 'Tyre Care' is an important aspect of Road Safety. As a socially responsible tyre manufacturer JK Tyre has taken multi-pronged initiatives for the cause of Road Safety.

At the ground level, tyre care camps have been undertaken throughout the country especially in schools and expressways including the new Yamuna Expressway. JK Tyre has also supported the activities of the road safety cell of Delhi Traffic Police especially during the National Road Safety Week and at School Road Safety Clubs. In addition JK Tyre has released Road Safety Literature across the country and taken 'Total Control' to citizens at large.

To further highlight this cause at the highest level, the 3rd edition of the JK Tyre-Constitution Club of India Parliamentarian Car Rally with Road Safety as the core theme was organized. Leading parliamentarians, diplomats, media participated in the Rally to promote and spread the message of Safe Driving to the masses.



Dr. Raghupati Singhania presenting memento to Shri C.P. Joshi, Hon'ble Union Minister of Road Transport and Highways, Govt. of India.



Hon'ble Vice President of India, Shri Hamid Ansari flagging off JK Tyre - Constitution Club Car Rally for MPs. Also present Shri Syed Shahnawaz Hussain, Spokesperson (BJP), Shri Jitender Singh, Hon'ble Minister of Youth Affairs & Sports, Govt. of India and Shri Rajiv Pratap Rudy, Secretary (CCI).

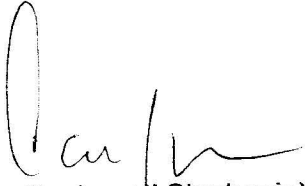

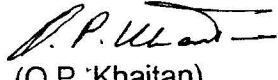
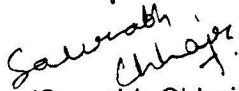




The Vectra UX1 is an Ultra High Performance tyre.

## FORM - A

Covering Letter of the Annual Audit Report to be filed with the Stock Exchanges  
Financial Year ended 31st March 2013

1.	Name of the Company	JK TYRE & INDUSTRIES LTD.
2.	Annual financial statements for the year ended	31st MARCH, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	<p> (Dr. Raghupati Singhania) Chairman &amp; Managing Director</p> <p> (A.K. Kinra) Finance Director</p> <p> (O.P. Khaitan) Audit Committee Chairman</p> <p>For Lodha &amp; Co. Chartered Accountants Firm Reg. No: 301051E</p> <p> (Saurabh Chhajjer) Partner</p> <p>Firm Registration No. 301051E Membership No.403325</p> 