



JKTIL:SECTL:SE: 2016

13<sup>th</sup> September 2016

BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400 001.	National Stock Exchange of India Ltd. Exchange Plaza, Bandra –Kurla Complex, Bandra (E), Mumbai –400 051.
Through: BSE Listing Centre	Through : NEAPS
Scrip Code :530007	Scrip Code : JKTYRE

Dear Sir,

**Re. Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 –  
- Annual Report for the financial year ended 31<sup>st</sup> March 2016**

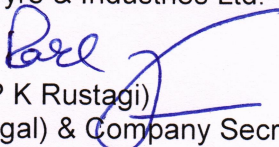
Dear Sirs,

With reference to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we submit herewith Annual Report of the Company for the financial year ended 31<sup>st</sup> March 2016.

We may inform that the same has been approved and adopted in the 63<sup>rd</sup> Annual General Meeting of the Company held on 2<sup>nd</sup> September 2016 at Kankroli, Rajasthan.

Thanking You,

Yours' faithfully,  
For JK Tyre & Industries Ltd.

  
(P K Rustagi)

Vice President (Legal) & Company Secretary

Encl: as above

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Regd. Off.: Jaykaygram, PO - Tyre Factory, Kankroli - 313 342 (Rajasthan). Fax : 02952-232018 Ph.: 02952-302400 / 330011

Website : www.jktyre.com CIN : L67120RJ1951PLC045966



ANNUAL REPORT 2015-16

**BUILDING AN ENDURING COMPANY**



**JK TYRE**  
& INDUSTRIES LTD.

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In 2015-16,  
the external  
environment  
transformed with  
unpredictable  
speed.

JK Tyre  
transformed  
even faster.



Internal transformation at JK Tyre



External changes across markets and segments



JK Tyre. Our commitment to endure is derived from positive, productive and perpetual transformation

Product dumping from China increased in India.

*JK Tyre increased its tyre manufacturing capacity across select categories.*

The consumer became increasingly demanding.

*JK Tyre virtually doubled new product launches.*

Energy costs and water accessibility became challenging.

*JK Tyre moderated its carbon footprint.*

Competition from global and domestic brands increased.

*JK Tyre accelerated cost rationalization to enhance competitiveness.*

# Board of Directors



1

**VIMAL BHANDARI**  
Director

2

**SHREEKANT SOMANY**  
Director

3

**BHARAT HARI SINGHANIA**  
Managing Director

8

**KALPATARU TRIPATHY**  
Director

9

**ARUN K. BAJORIA**  
Director & President –  
International Operations

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

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

**AUDITORS**  
Lodha & Co.  
Chartered Accountants



4

**DR. RAGHUPATI SINGHANIA**  
Chairman & Managing  
Director

5

**ARVIND SINGH MEWAR**  
Director

6

**SUNANDA SINGHANIA**  
Director

7

**DR. WOLFGANG HOLZBACH**  
Director

10

**BAKUL JAIN**  
Director

11

**ANSHUMAN SINGHANIA**  
Whole-time Director

**VICE PRESIDENT (LEGAL) &  
COMPANY SECRETARY**  
Pawan Kumar Rustagi

CIN: L67120RJ1951PLC045966  
Website: [www.jktyre.com](http://www.jktyre.com)



Our commitment to endure resulted in outperformance across 2015-16.

We reported the highest volumes in any single year.

We retained our national leadership in the truck and bus radial (TBR) segment.

We created a stronger Company



6

%, estimated growth (by volume) of India's tyre sector, 2015-16



9

%, JK Tyre's growth (by volume), 2015-16



44

%, radialisation (volume) of India's Truck/Bus segment, 2015-16



53

%, radialisation of JK Tyre's Truck/Bus segment, 2015-16



8

%, estimated growth (volume) of India's passenger car radial segment, 2015-16



14

%, growth (volume) of JK Tyre's passenger car radial segment, 2015-16

At JK Tyre, our  
commitment to  
build an enduring  
company was  
sustained.

Through world-  
class practices,  
products,  
technologies and  
benchmarks.



### Energy

One of the lowest consumers of energy per tonne of tyre manufactured in the world



### Water

One of the lowest consumers of water per tonne of tyre manufactured in the world



### Productivity

One of the highest per person productivity benchmarks in India's tyre industry



### Technology

First in the world to install the 'On level Tyre Test Machine', generating real-time data in tyre testing



### Standards

First company in Asia to receive ISO 50001 certification for Energy Management, and second such company in the world



### Pioneering

First Indian company to launch an eco-friendly 'green' tyre



### Knowledge

First company in India to commission an independent research and development centre – HASETRI (Hari Shankar Singhania Elastomer & Tyre Research Institute), a one-of-its-kind state-of-the-art R&D centre in the Asia Pacific region.



### Product

First company in India with OE fitment of tubeless passenger radials. First in India to launch high performance H, V and Z-rated passenger radial tyres



### OE relationships

First tyre vendor selected by Suzuki Motor Corporation to work on its Swift model from the drawing board onwards



### Quality

The company strives to maintain highest standards of product quality and customer services: compliance with Global Quality Standards. Quality is a creed in the Company.



### Branding

First company in India to have taken over an FIA-accredited racing series – the Formula BMW Asia



## Corporate snapshot

JK Tyre is one of India's leading tyre brands and among the 25 largest tyre companies in the world.

### Background

The company is a part of the century-old JK Organisation, one of India's leading private sector conglomerates with a multi-product, multi-location and multi-business operations.

### Presence

- The company's manufacturing operations comprise 12 modern plants strategically located across the country – Mysuru, Banmore, Kankroli, Chennai and Haridwar.
- The company has 141 JK Tyre selling points pan-India which service the growing needs of more than 4000 dealers.
- Besides, the company markets products through 23 'JK Tyre Truck Wheels' (fully equipped tyre service centre) and 150+ 'JK Tyre Steel Wheels' (exclusive passenger car tyre retail).

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## REVENUE SEGMENTATION

### BY GEOGRAPHY

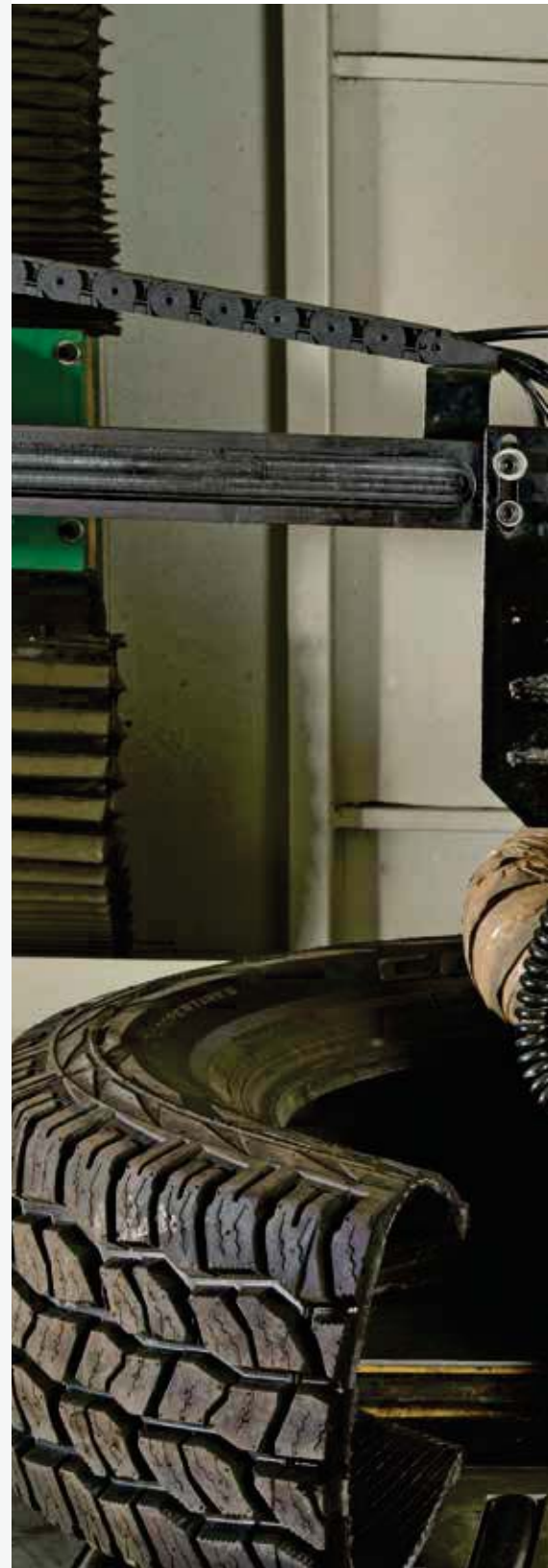
India 86% | Mexico 14%

### BY CUSTOMER

OEM 33% | Replacement 57% | Export 10%

### BY PRODUCT

Commercial 74% | Passenger line 21% | Others 5%





## Brands

The Company's tyres are marketed under the brands of JK Tyre, Vikrant and Tornel.

### Our mission

Be a customer-obsessed company – where the customer comes first 24x7

- Be India's number one tyre brand
- Be the most profitable tyre company in India
- Sustain a motivated and committed team for performance excellence
- Be widely respected for 'green' practices
- Deliver enhanced value to all stakeholders
- Widen global presence through acquisitions/joint ventures/strategic partnerships

New products launched



2015-16	121
2014-15	63
2013-14	65
2012-13	62
2011-12	40



# GO FAST, STOP FASTER.

FROM 100 TO 0  
IN 4 SECONDS\*.  
THE NEW RANGER SERIES  
FROM JK TYRE.



## JK Tyre recognised by national and international bodies



Ranked No. 1 in Customer Satisfaction by JD Power Asia Pacific Study 2015



Awarded Brand of the Year 2015 by World Branding Forum, London

### Market status

JK Tyre is India's leading tyre company present in all tyre segments. The Company enjoys the highest market share in truck / bus radials in India; it is amongst the largest players in India's truck bias and passenger car segments as well.

### Key institutional partners

JK Tyre is a preferred supplier to all leading automotive Original Equipment Manufacturers like Maruti Suzuki, Tata Motors, Honda, Hyundai, Ashok Leyland, Mahindra & Mahindra, Volvo Eicher, General Motors, Volkswagen, Fiat, Nissan, TAFE, BEML and Caterpillar India, among others.

### Performance

#### Performance by geography (standalone)

- JK Tyre grew its domestic business 9% by volume following extensive marketing, distribution and branding initiatives.
- JK Tyre achieved exports of ₹581 crores.

#### Performance on consolidated basis

- Revenues were ₹ 7654 crores in 2015-16
- EBIDTA grew 22.2% to ₹1158 crores.

- Profit after tax grew 40.7% to ₹ 464 crores.
- EPS grew from ₹ 15.68 to ₹ 20.45 (on the face value of ₹ 2 per share)

### Strategic acquisition – JK Tornel

JK Tyre acquired a tyre company (three manufacturing plants) in Mexico in 2008, an opportunity to enhance capacity at a low cost and establish its international manufacturing footprint. Within just eight years, the plant moderated employees by 10 per cent and more than doubled turnover. JK Tornel has widened the company's global footprint through its free access to NAFTA and trade blocks, contributing attractively to revenues and bottomline.

JK Tornel has a capacity of 8.3 million tyres per annum with three plants in Mexico (Azcapotzalco, Tultitlan and Hidalgo).

JK Tornel enjoys strategic tie-ups with leading OEMs including Chrysler, Volkswagen, Nissan (car/light truck radial) and John Deere (Farm).

### Credit rating

The company's credit rating has been progressively upgraded by leading credit rating agencies.

- Long-term facilities: CARE AA- (earlier CARE A+)
- Short-term facilities: CARE A1+ (earlier CARE A1)

### Awards and appreciation

- JK Tyre -TATA Motors Best Supplier of the Year - at TATA Motors vendor's conference 2015 in Pune
- National Award for Excellence in Talent Management 2015
- National Energy Conservation Award 2015 - CTP
- 5th Annual Greentech CSR Award - 2015
- Data Quest Business Technology Award 2015
- Express Security Strategist Awards 2015

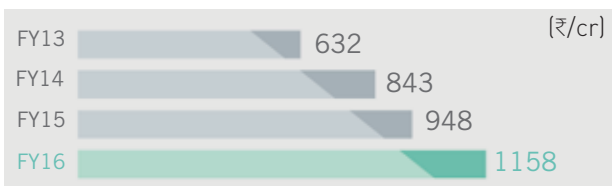


# This is how we outperformed in a challenging 2015-16

Even as the financial year under review proved challenging for India's tyre sector, JK Tyre reported superior financials. This sectoral outperformance was achieved through tight cost controls, improved product quality, superior service, stringent terms of trade - and better resource use.

## OPERATING PROFIT GROWTH

+ ₹210 crs



### DEFINITION

What the company earned before the deduction of interest, depreciation, extraordinary items and tax.

### WHY WE MEASURE

This measure is an index of the company's operating profitability.

### PERFORMANCE

The company's operating profit grew every single year through the last four years. The company reported an increase of over 22 per cent in its operating profit in FY 16. This was the result of capacity creation, cost reduction and product mix changes.

## HIGHER VOLUME SALES (JK TYRE AND JK TORNEL)

+ 2.12 lacs



### DEFINITION

What the company marketed in volumes.

### WHY WE MEASURE

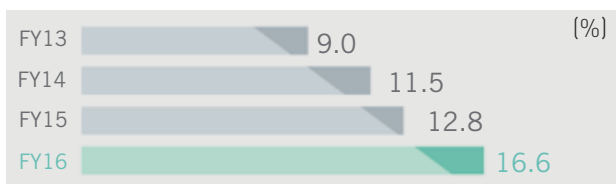
This is an index of our competitiveness and price-value proposition.

### PERFORMANCE

The company increased volumes every single year - across the last four year (as seen in the table).

## OPERATING MARGIN MOVEMENT

+380 bps



### DEFINITION

The movement in percentage points in operating profit before interest, depreciation, exceptional items and tax when divided by the company's revenues (net of excise duty).

### WHY WE MEASURE

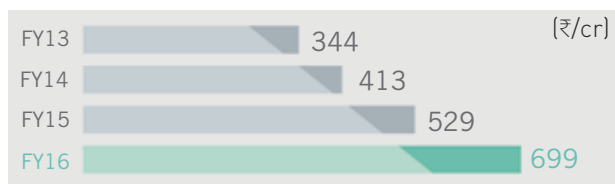
This indicates the spread enjoyed by the Company on every unit sold, facilitating easy comparison to ascertain profitability.

### PERFORMANCE

The company's operating profit margin increased every single year through the last four years. The company reported a 380 bps increase in operating profit in FY 16.

## CASH PROFIT ACCRETION

+₹170 crs



### DEFINITION

This is derived by deducting Current Tax and Exceptional items from Profit before Depreciation and Taxes.

### WHY WE MEASURE

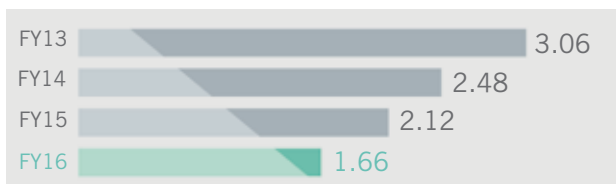
This indicates the resources available to the company to grow its business.

### PERFORMANCE

The company's has more than doubled in the last four years to a peak of ₹ 699 crores in 2015-16.

## GEARING DEBT-EQUITY RATIO

-46 bps



### DEFINITION

This is derived through the ratio of debt to net worth (less revaluation reserves).

### WHY WE MEASURE

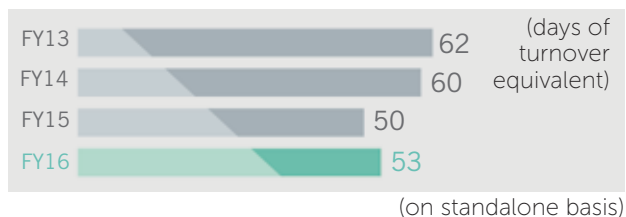
A defining measure of a company's financial health, reflecting the extent of indebtedness (the lower the gearing the better).

### PERFORMANCE

The company's gearing declined significantly from a peak of 3.06 in FY13 to 1.66 in FY16.

## WORKING CAPITAL CYCLE

-9 days (across four years)



### DEFINITION

This is derived through the division of Net Working Capital by revenues multiplied by 365.

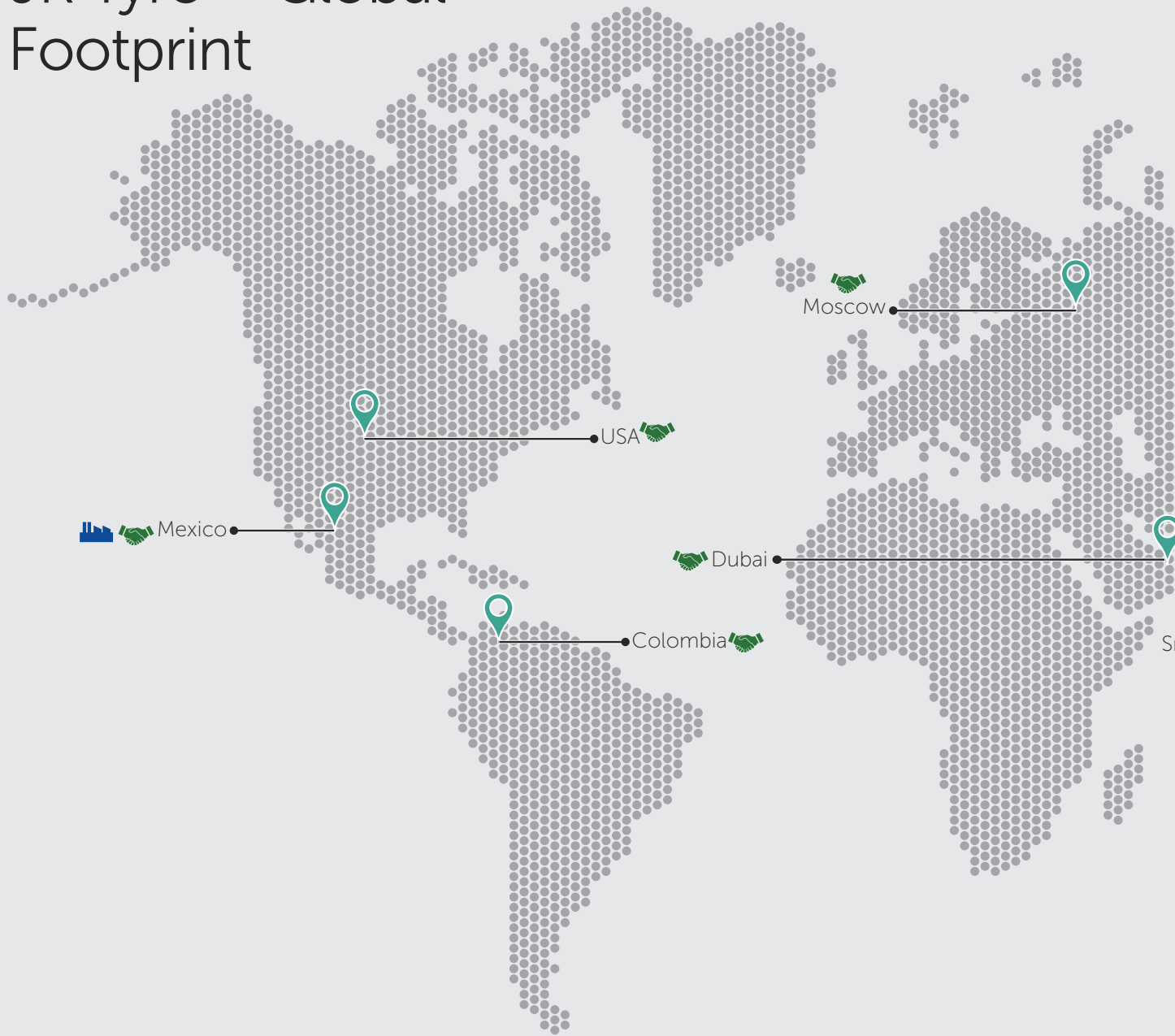
### WHY WE MEASURE

This indicates the number of days of Net Working Capital of the company.

### PERFORMANCE

Even as the company's sales volumes increased over the last few years, the Net Working Capital cycle became shorter due to various initiatives.




# JK Tyre – Global Footprint



## JK Tyres – The growth journey

<p><b>1st</b></p>	<p>To launch in India Radial Technology for entire range (Passenger Car, LCV, Bus, Truck and Tractors)</p> <p>To launch in India V-Rated tyres, Eco-friendly tyres and high-performance and Asymmetric tyres</p>	<p><b>1951</b> Incorporated as a Private Limited company</p>	<p><b>1975</b> First Tyre Plant in Kankroli, Rajasthan</p>	<p><b>1991</b> Set up second tyre plant at Banmore, MP</p>
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	Own plants (12)
	Outsourcing (2)
	Marketing hub (6)

Presence over 100 countries across globe

2015-16	USD mn	₹ Cr
From India	90	581
Global	130	847



First tyre company in Asia to receive certification and 2<sup>nd</sup> in the world



The Company's Technology edge is reflected in HASETRI, Asia's first, India's biggest and foremost research centre

- 1997**  
Acquired Vikrant Tyres Ltd. in Mysuru
- 1999**  
Started All Steel Truck radial manufacturing in Mysuru
- 2008**  
Acquired Tornel plant in Mexico
- 2010**  
New OTR Plant in Mysuru
- 2012**  
New plant in Chennai
- 2013-14**  
Major brownfield expansion in Chennai; completed in 2015-16
- 2016**  
Acquired Cavendish Industries Ltd. (CIL)



## Overview

“At JK Tyre, we always said we thrived in challenges. The year 2015-16 was proof.”

Chairman and Managing Director **Raghupati Singhania** explains how the spirit of JK Tyre prevailed in a challenging 2015-16

At JK Tyre, there is perhaps no bigger driver to outperform than the sign of a threat or challenge round the corner. The moment we perceive a challenge, the organisation responds with speed, sensitivity and passion. The year 2015-16 was an effective showcase of our conviction that adversity is indeed our biggest driver. The Indian tyre industry experienced an unprecedented number of concurrent challenges during the year under review. The Indian economy continued to be sluggish following two successive sub-par monsoons. The Chinese dumping of truck tyres into India continued unabated. A number of global economies and currencies weakened, making exports difficult. The radialisation in the truck and bus segment accelerated to 44%.

I am pleased to state that JK Tyre selected a year like this to post its largest volumes and highest profits.

The market hardly offered any support; the company responded by seeking much of its surplus from within, whether it was through the elimination of sub-optimal processes, whether it was through enhanced operating efficiency, whether it was through accelerated product introduction or whether it was simply through the manufacture of a superior product.

I write to communicate that during this comprehensively challenging year, we leveraged every bit of what we knew, we motivated right down to the last man and we implemented every initiative.

In short, we raised our bar.

What provides me with deep satisfaction is that this improvement

The radialisation in the truck and bus segment accelerated to

44%.



The enduring implications are the result of a convergence of diverse initiatives – capability, capacity, cost management, connect and community.



Dr. Raghupati Singhania receiving the J.D. Power award for the year 2015.

was not knee-jerk or short-term. There is considerable evidence to suggest that a number of our improvements carry enduring implications. Therefore, our performance of the last financial year should not be perceived as one pertaining only to a limited period in time; it may be seen as a maturing of an organisation whose benefits will be seen well into the future.

The enduring implications are the result of a convergence of diverse initiatives – capability, capacity, cost management, connect and community.

**Capability:** We introduced all silica tyres in PCR segment to meet our commitment towards environment protection. During the year we focused towards increasing the retreadability of TBR tyres to reduce the consumption of petro-based materials.

**Capacity:** We enhanced our Chennai manufacturing capacity by more than 90 per cent, the full impact of which will be reflected in 2016-17.

We acquired Cavendish from Birla Tyres, which comprises three units in Haridwar addressing the truck-bus radial, Bias and two- and three-wheeler segments. This acquisition will achieve more than just an increase in linear capacity; it will complete our product complement by plugging the product space (two- and three-wheeler) where we have not been present and provide us with a locational advantage with corresponding tax benefits.

**Cost management:** We recognize that in the face of Chinese competition, the challenge of the day is not merely to counter lower-priced imports but to emerge as a cost leader in one's own right. Company undertook extensive product developments on one hand, and value added services for its customers on the other, to address this challenge. Besides, a continuous reduction in product cost through state-of-art technology investments in the TBR segment of its new plant yielded positive results.

**Connect:** We strengthened our

We enhanced our Chennai manufacturing capacity by more than

90%



By the close of 2015-16, we were generating a larger proportion of our revenues from experiential sale formats, we were moving products faster, wider and deeper and – best of all – we were doing so with smaller inventories and lower costs.

*Dr. Raghupati Singhania being inducted in the prestigious "Hall of Fame" by the Tire Industry Association at Las Vegas, U.S.*

ability to reach products whenever customers needed them and transform a generic over-the-counter experience into the experiential. We implemented a number of initiatives and the result was that by the close of 2015-16, we were generating a larger proportion of our revenues from experiential sale formats, we were moving products faster, wider and deeper and – best of all – we were doing so with smaller inventories and lower costs.

**Community:** We decreased our carbon footprint by reporting a lower consumption of energy and water, two critical resources used in the manufacture of tyres. What gives me pleasure is that we moderated our consumption to some of the lowest levels in the world with the objective to graduate these two global benchmarks. This reduction also helped moderate costs, strengthening our conviction that the most environmentally-conscious companies are also the most competitive. Besides, we continued to strengthen our engagement with

communities around the locations of our manufacturing presence through initiatives directed at education and health care.

My optimism is based around the reality that the full benefits of these initiatives will be reflected during the years ahead. A cultural reinvention that has been in evidence at JK Tyre across the last few years will ensure stretch initiatives, new benchmarks and enhanced competitiveness.

I am optimistic that monsoonal revival, economic reforms, progressive radicalisation (where we enjoy competitive leadership) and enhanced quality awareness at the consumer level will translate into wider and quicker industry growth.

The singular message that I need to send out is that given this encouraging landscape, we are engaged in building an enduring company that delivers sustainable value for all our stakeholders.

**Raghupati Singhania**  
*Chairman and Managing Director*

**We decreased our carbon footprint by reporting a lower consumption of energy and water**

Competitive advantage

## The robust business model that makes us enduring

The tyre manufacturing business is one of the most challenging. The sector is marked by variables on the one hand and growing need for sustained increase in stakeholder value on the other.

**T**he number of variables in our business are many. Fluctuating raw material costs. Evolving consumer preferences. Changing costs of funds. Capital intensiveness. Service intensity. Globally dispersed customers. Changing tariffs, treaties and compliances. Environment sensitivity. Brand spending. And competition.

At JK Tyre, we strengthened our business model that is likely to generate multi-year growth across industry cycles, relatively insulating the company's financials from external realities.

**Vision:** The company resolved to be the best modern tyre company in India and among the most respected the world over. This perspective influenced the company's capital allocation, product mix and realizations strategy, virtually redefining its personality.

**Knowledge:** The company continued to invest in the research and development side of the business through three research units. The

company invested an aggregate ₹ 250 crores approximately in R&D over the decade ending 2015-16. During 2015-16, the company embarked on the decision to aggregate its research into a large single modern campus in Mysuru comprising engineers and scientists directed at cutting-edge research in the tyre sector. In line with this, the company positioned itself as a technologist with deep insights into resource materials, designs, aesthetics, structures and costs.

**Progressive:** The company has been future-facing, starting from pioneering radial tyres in India in 1977 to accelerated radial product introduction (first to make radials for the entire range of truck/bus, LCV, passenger cars, MUV and tractors) to sustained radial segment leadership. The company does not merely see itself as a trend beneficiary; its various programmes have been directed to accelerating tyre radialisation in India with corresponding mileage benefits for users.

**Brand:** The company has gradually

evolved its personality from a generic tyre manufacturer (commodity) into a specialised manufacturer (value-added). This is reflected in the company's association with the Motorsport, indicating that the company's products are robust enough to endure intensive operating conditions. The result is that the JK Tyre brand enjoys a recall for product longevity, dependability, control and safety.

**Experiential:** The company is customer- and service-obsessed, focused on enhancing the overall customer experience. Over the last few years, the company rapidly expanded its brand shop network i.e. 'JK Tyre Steel Wheels' and 'JK Tyre Truck Wheels', which are retail formats focused on delivering value added services

**Product mix:** Until 2010, 65 per cent of our revenues were derived from Bias tyres, the building block of the business. We have evolved our product mix since; 58 per cent of our revenues were derived from radial tyres in 2015-16. The company





The company has consistently progressively strengthened its terms of trade, the increased market competition notwithstanding, leveraging its strong brand and product integrity.

provides the entire sectoral product complement (following the Cavendish acquisition extending to the manufacture of two- and three-wheeler tyres); within each product category, the company focuses on providing the complete range.

**Scale:** The company is the third largest tyre manufacturer in India. We are the first (and only) tyre company to have crossed the 10.5 million tyre mark, with more than 8 million truck/bus radial tyres on Indian roads. Over the years, a growing size has translated into economies of scale, procurement and branding. Besides, the company has extended improvements in manufacturing efficiencies across the entire scale of operations, translating into a competitive advantage.

**Spread:** The Company possesses a comprehensive product portfolio in the 4-wheeler segment ranging from the smallest tyres for the small commercial vehicle to the largest tyres for earthmovers. The product range comprises tyres for truck/bus bias & radial, passenger cars, SUVs, light commercial vehicle, small commercial vehicles, farm, industrial and speciality vehicle, off-the-road tyres for earthmoving and construction equipment, racing cars, military and defence.

**Global:** Even as a majority of the company's revenues were derived from India, the company's vision is global. Over the years, this reflected in two initiatives – the company's acquisition of a manufacturing facility in Mexico and a sustained global sales footprint (more than 100 countries in 2015-16). Besides, this commitment extended to certifications; the company's

manufacturing facilities were certified for SA – 8000 in the area of social accountability and Information Security Management System (ISO-27001) and Laboratory Management system ISO 17025 for all tyre testing labs.

**Acquisitions:** The company enjoys an attractive record in target identification, negotiation, acquisition and transformation. The company acquired the loss-making Vikrant Tyre facility in 1997, that was turned around in a short period; a loss-making Tornel (Mexico) in 2008, which was also turned around and has become profitable unit of the Company. The Company has now acquired Cavendish with sizable manufacturing facilities and looks forward to its turnaround in the shortest time given the JK Tyre's management capabilities.

**Fiscal discipline:** The company progressively strengthened its terms of trade, the increased market competition notwithstanding, leveraging its strong brand and product integrity.

**Technology:** The company consistently invested in high-end manufacturing technologies, translating into superior products, manufacturing efficiency, higher productivity and lower cost. The company's Chennai plant is recognised as a global showpiece; its manufacturing benchmarks have since been extended to the company's other facilities.

**Solutions:** The customer obsessed company offers end-to-end solutions to commercial vehicle customers. The company's fleet management program is designed to enhance efficiency and substantially reduce the cost per





Commercial vehicle customers. The company's fleet management program is designed to enhance efficiency and substantially reduce the cost per kilometre for the customer.



kilometre for the customer.

**Range:** The company provides the largest range of truck/bus radial tyres translating into the best performance proposition around any load, road and tyre fitment position in line with the 'Fit to application' philosophy.

**Relationship-driven:** The company's business model is relationship-driven; it engages continuously with customers and people. The recent OEM partnership success was an entry into Renault Kwid and Hyundai models.

**Responsible:** The Company is a responsible manufacturer. The Company moderated its carbon footprint with the objective to manufacture 'green' tyres. Besides, this commitment manifested in relevant certifications. As per Carbon Footprint Verification by BSI (British Standard Institution-India) as per ISO -14064 scope 1 & 2, the carbon emissions of the company are comparable with the best global standards. The company is now pursuing carbon neutrality as per PAS-2060 (Publicly Available Specifications) through BSI-India. Following three successive years of carbon footprint verification by BSI-India, the company plans to apply for Carbon Disclosure Projects, UK, which will enhance the company's global respect in the area of sustainability and climate change.

# JK TYRE IS TRANSFORMING FROM A SINGULAR FOCUS ON TYRE MARKETING TO TOTAL TYRE MANAGEMENT SOLUTIONS

## Overview

There is a greater need to strengthen the supply chain and engage closer with customers, benefiting customers and the company. JK Tyre strengthened its customer-engagement to reinforce its recall as a company that cares.

## Challenges

The Indian tyre sector encountered a number of challenges in 2015-16.

The output and profitability of a number of national core sectors (cement, iron ore, coal and farm produce) were affected on account of a weak monsoon and economic sluggishness. There was a sharp increase in the dumping of Chinese truck radial tyres into India at a time when most domestic players nursed increased capacities. The high cost money market affected dealer stocking. A handful of global giants commissioned their tyre manufacturing plants, enhancing competition. As a secular trend, the country's bias tyre market contracted. Besides, economic challenges surfaced in Middle East and North Africa (MENA) and Brazil, affecting offtake.

## JK Tyre differentiators

Despite challenging business conditions, the company responded with a number of initiatives in 2015-16.

**Protecting dealer share:** As competition increased, the company invested in IT assisted devices with sales executives helping liberate them from the routine and spending more time with trade partners.

**Beat cycle:** The company strengthened its linear point-to-point product delivery process. The result was enhanced efficiency in terms of product availability at the dealer end.

**Stronger supply chain:** The company recognised that the time-lag, between the time that an across-the-counter sale at a dealer's end transpired and the speed with which the empty shelf space was plugged, enhanced trade and company competitiveness. Besides, the company made timely investments in hand-held information technology tools that enhanced the sales person's effectiveness. As active human intervention in product transfers were replaced by IT-enabled processes, demand fulfillment increased, strengthening dealer trust and moderating working capital outlay. A stronger supply chain generated savings during the year under review.

**Dealer portal:** The company strengthened its dealer portal, which provided a real-time picture of their corporate engagement.

**Product introduction:** The company introduced its next generation product line for premium and mid size sedans and SUVs ('UX Royal' and 'Ranger') to gain volumes in the fast growing passenger car and SUV segment markets. Besides, it made timely brand extensions for the truck radial and truck Bias segments, enhancing its product range.

## Strengths

The company enjoyed enduring relationships with its dealers, marked by a large proportion of repeat purchase. It enhanced trade excitement through the widest truck radial range on the one hand and enhanced trade excitement following aggressive product introduction on the other. The company's association with racing events and racing cars strengthened its brand recall. The company's investment in 141 selling depots helped service customer needs with speed. The company began to market products through Indian Oil petrol pumps pan-India. The company increased the rollout of exclusive 'JK Tyre Steel Wheels' (addressing passenger car and LCV tyres) and 'JK Tyre Truck Wheels' (addressing HCVs) retail outlets. The company focused on tyre management solutions (as opposed to product sale).

## Outlook

The company is optimistic on account of a projected revival in monsoons and its preparedness for the economic rebound. The company will plug its product gap and provide the complete product complement following the introduction of two- and three-wheelers tyres arising out of its Cavendish acquisition. The company expects to offer a wider range of products at every price point. The company also offers to market its products online, entering the fast-evolving e-commerce tyre market in India.



## TRANSFORMATION AT JK TYRE

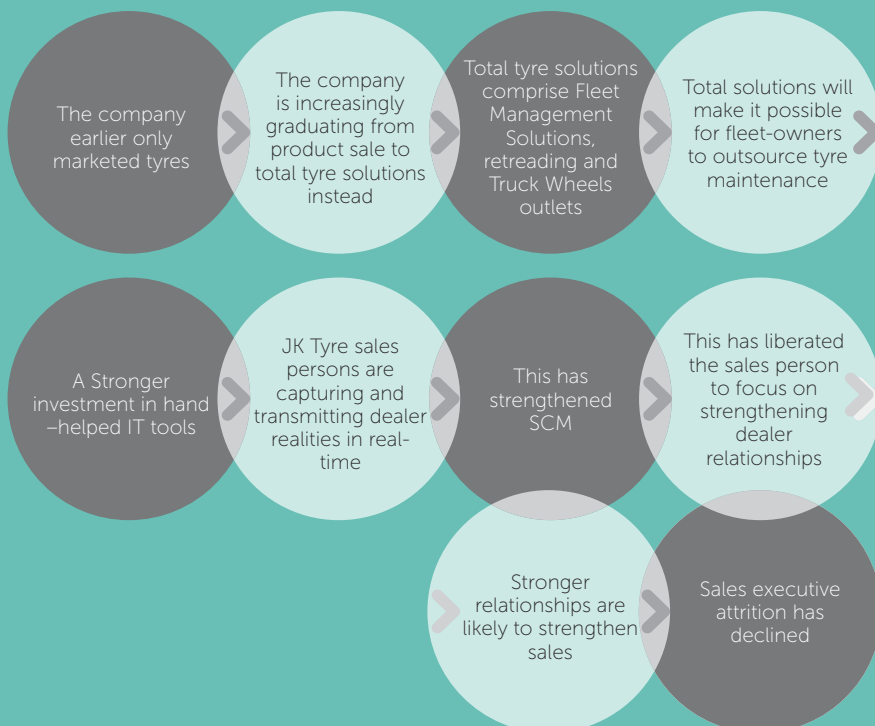
### Evolving numbers at JK Tyre

**116** JK Tyre Steel Wheels outlets, 2014-15

**150+** JK Tyre Steel Wheels outlets, 2015-16

**17** JK Tyre Truck Wheels outlets, 2014-15

**23** JK Tyre Truck Wheel outlets, 2015-16



## HOW OUR FLEET MANAGEMENT SOLUTION IS MAKING A DIFFERENCE...

**We** provide truckers advice and solutions in tyre maintenance

**We** examine how a truck fleet is being deployed, how it rotates tyres etc.

**We** provide a preventive maintenance solution, extending tyre life

**We** have demonstrated an attractively lower cost per km of tyre used

**We** provide this solution to more than 1100 fleets

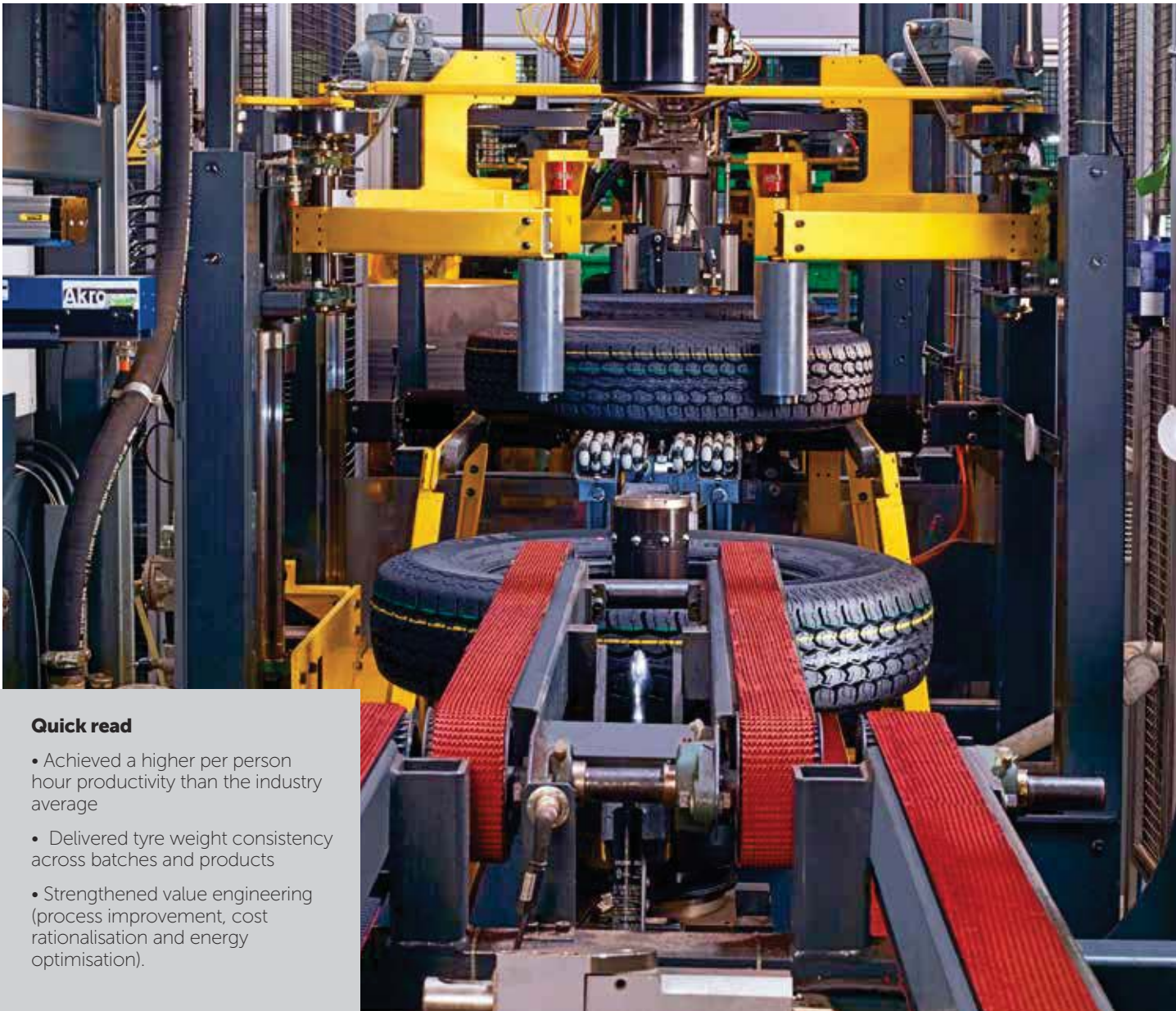
**We** have maximized the proportion of repeat clients

**We** leave the trucker to focus on his business



Manufacturing

JK Tyre's objective is to establish the best global manufacturing standards measured through the highest standards of people productivity, process integrity and product quality



**Quick read**

- Achieved a higher per person hour productivity than the industry average
- Delivered tyre weight consistency across batches and products
- Strengthened value engineering (process improvement, cost rationalisation and energy optimisation).

## Challenges

In a business where manufacturing costs account for 75 per cent of revenues and where the pricing of most resources is beyond the direct control of the company, there was a growing need to optimise manufacturing efficiencies. The year under review proved challenging for the Indian tyre industry on account of increased dumping and competition. At JK Tyre, there was a focus on commissioning the capacity expansion of the Chennai plant on schedule in December 2015, scale the expansion with speed, address the increase in costs (people and inputs) as well as a need to synchronise production from four manufacturing locations to feed the pan-India presence of depots.

## JK Tyre differentiators

The company responded to diverse manufacturing challenges through enhanced asset utilisation, timely commissioning of its expansion programme cum timely scale-up, increase in people productivity as well as a rationalisation in operating costs. Besides, the Company established 2015-16 as 'Quality Year' with the objective to enhance the aggregate value emerging from the interplay of men-materials-methods-machines. The result is that challenges were methodically deconstructed, translating into continuous improvement.

The company entered initiated a range of low-cost automation projects to enhance productivity across its manufacturing plants; consequently, productivity in some of our showpiece plants emerged among the industry's best; the oldest plant with the least automation

(Kankroli) reported 10 per cent productivity improvement.

The company focused on reducing processes and materials; scrap generation declined to less than 1 per cent of material consumption, a global benchmark.

The company also moderated its carbon footprint; the CFV measure declined; energy consumption per tonne of tyre manufactured declined to a level rated among the best tyre factories in the world; the company reduced its water consumption to a level that is considered among the lowest in the global tyre industry.

In a forward-looking initiative, the company invested in a solar rooftop project, which will reduce its energy costs.

## Strengths

The company's manufacturing facilities are state-of-the-art. Over the years, the company has engaged in consistent training and certifications for all its shopfloor employees (five person-days of training for operators). The company's extensive MIS-driven environment has strengthened its monitoring and review mechanisms; the digitization of manufacturing equipment has made it possible to read data directly off equipment, enhancing benchmarking. The company's active multi-plant benchmarking discipline and a knowledge sharing platform enhanced operating standards closer to the world's best.

### Our showpiece Chennai manufacturing facility

- Invested with state-of-the-art technologies in process and equipment
- Designed to consume the lowest steam across the Indian tyre sector
- People productivity highest in the Indian tyre Industry for similar product mix. • Manned by qualified and extensively trained Diploma engineers • Annual capacity expanded to 45 lac tyres (passenger car radials) and 12 lac tyres (truck bus radials)

The Company underwent a major expansion of 8 Lac TBR per annum and 15 Lac PCR per annum at the Chennai Tyre Plant. With this expansion, the total CTP capacity is 12 Lac TBR per annum and 45 Lac PCR per annum. This expansion was successfully completed in 2015. The project was implemented within the stipulated time and cost.

In this expansion, JK introduced latest technologies like Quintoplex and Quadraplex extruders for the first time in India, state-of-the-art mixing capability for high performance Tyres. This will enhance our Tyre Quality & productivity and a fully automated tyre handling system – from tyre building to finished good warehouse.

Currently, all equipment is fully stabilised & running in regular production with more than 95% efficiency.

## TRANSFORMATION AT JK TYRE







**Transformation  
at JK Tyre**

The company formed teams to moderate energy consumption

The company invested selectively in energy saving initiatives

The company reported energy consumption per unit among the lowest in the global tyre industry

The company intends to moderate energy consumption and carbon footprint further

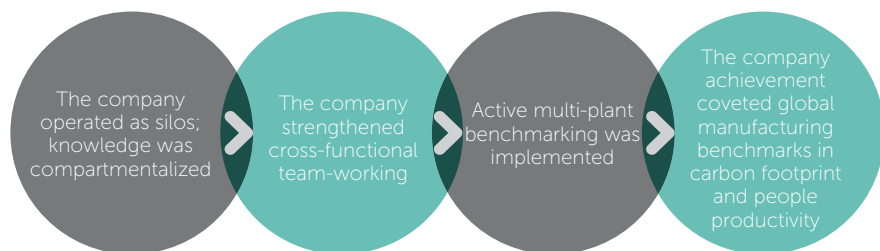
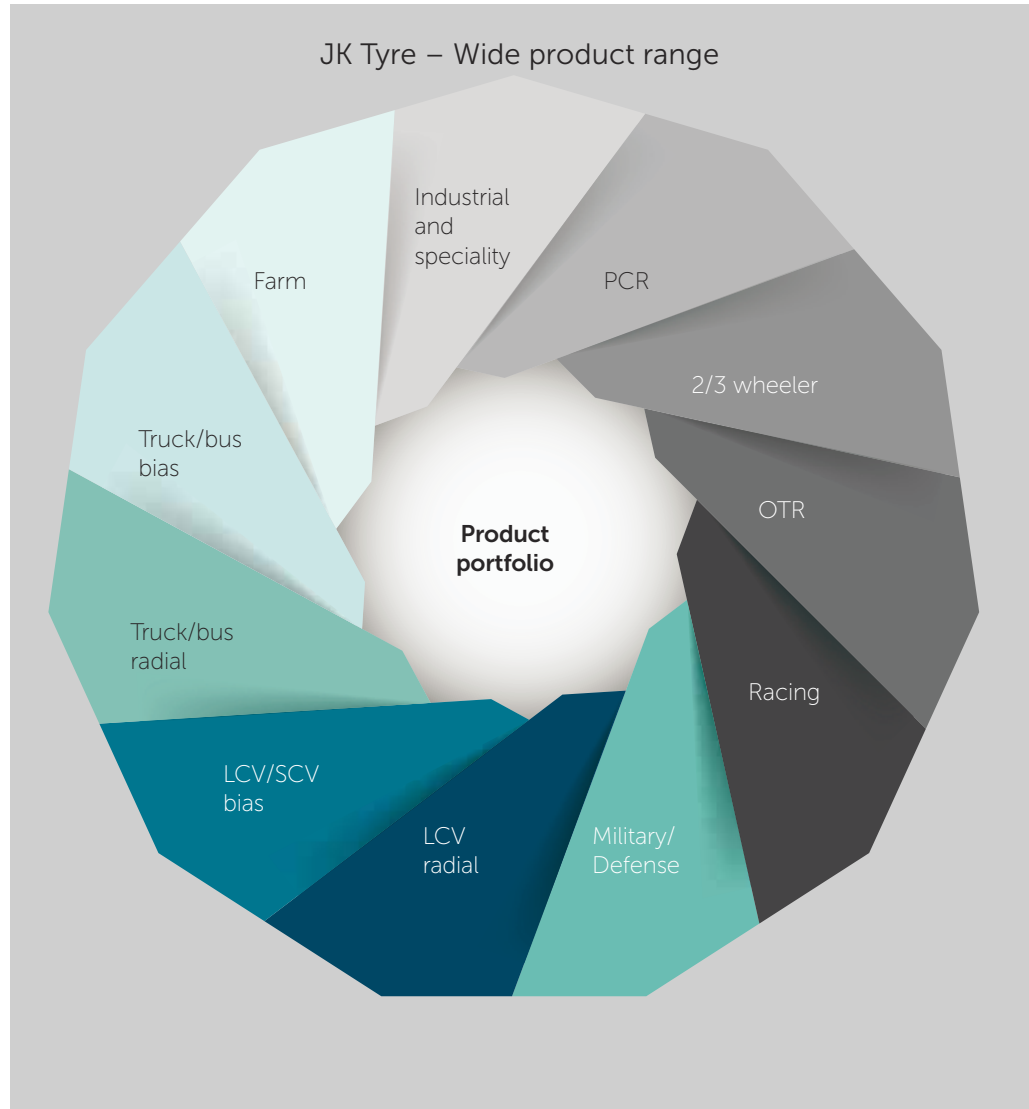
The company has reduced process scrap to 1% which is benchmark in Domestic Tyre Industry.



### Outlook

The company is optimistic of prospects following forecasts of monsoon revival and consequent economic rebound. The addition of enhanced capacity accompanied by a new product vertical (two and three-wheeler tyres) and the initiation of anti-dumping measures against Chinese imports indicate better prospects.

The company intends to capitalize through enhanced capacities (expanded and acquired recently), increased productivity, reduced manufacturing costs and improved efficiencies.





Technology

# JK Tyre is making proactive investments to graduate from incremental improvements to making significant technology leaps **that reinforce its brand leadership**

## Challenges

The company's principal challenge was a growing need to address increased competition in truck/bus radial availability arising out of high imports following dumping by Chinese manufactures. There was a growing need to widen the product range in the standard and premium segments. The company needed to introduce wider range of tubeless TBR tyres with rising consumer demand.

There was a priority in enhancing TBR durability, service, experience and retreadability. There was a premium in getting OEM approvals, with least iterations, faster than competitors. Besides, some of the other challenges comprised: widening choice, substantial cost moderation without quality compromises, and need to enhance overall passenger car tyre presentability (aesthetics, durability, mileage and rolling resistance).

## JK Tyre differentiators

The company responded to these challenges with a range of initiatives comprising process re-engineering,

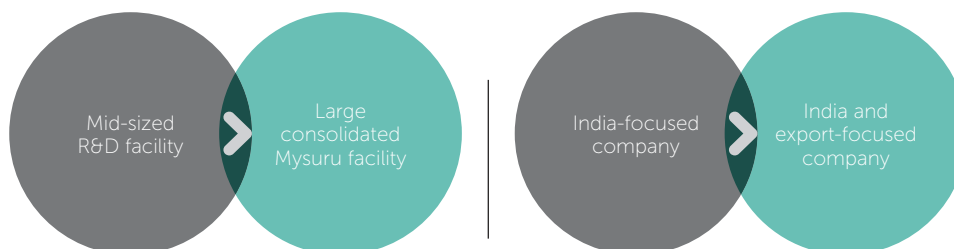
use of alternative materials, enhanced product efficacy translating into shorter product development tenures, enhanced use of renewable materials, lower rolling resistance, better fuel efficiency, improved traction (dry and wet roads) and enhanced radialisation.

The company rose to the occasion through a substantial increase in the number of new product offerings – from 63 in 2014-15 to 121.

In the passenger car segment, the company introduced its next generation product lines for premium and mid size Sedans and SUVs – 'UX Royale' for premium and mid-size sedans and 'Ranger' for SUVs to gain volume. In the OE segment, the company made an entry into Hyundai and Renault Kwid. In the TBR segment, the company launched 'JUH5', a super premium mileage tyre with all-wheel application.

The company in line with the mission objective of "Green Company" continuously strives to implement Technology of fossil fuel substitution and reduced consumption of materials through Technology value Engineering.

## TRANSFORMATION AT JK TYRE







**B**ig numbers at JK Tyre

- 140** R&D professionals, 2015-16
- 63** Products introduced, 2014-15
- 121** Products introduced, 2015-16
- 749** Cumulative experience of the R&D team (person years)

**THE JD POWER 2015 RECOGNITION**

JK Tyre's passenger radial tyres were ranked highest in the JD Power 2015 India Original Equipment Tyre Customer Satisfaction Index. The company received the highest rank for quality and consumer relationship.





The company is continuously upgrading and enhancing the qualitative strength of scientists and engineers in various areas of R&D activity to maintain and demonstrate technology leadership.

To achieve success, the company continuously upgrades equipment, process and skill sets to optimally use resources e.g. Heat History Software for using upto 90% silica in compounds, replacing Carbon Black.

The company invested in high-strength new-generation and environment-friendly raw materials to produce lighter and stronger tyres, which enhanced fuel-efficiency and a declining cost per km.

The company uses simulation techniques that with accelerated product evaluation processes and

shrunk time-to-market for OEM customers. Besides, the company extended a number of product standards generally used in premium tyres towards the mid-tyre segment, enhancing the price-value proposition.

The company assumed a statesmanship role through collaborations with IITs and universities of international and national importance to create the country's next generation of rubber science and technology scientists.

### Strengths

The company possesses a deep understanding of

materials, product design and structures, making it possible to balance and optimize product solutions.

The company possesses strong competence in working with predictive technologies and tools (through simulations and physical checks) leading to effective demonstrated value-engineering.

The company is continuously upgrading and enhancing the qualitative strength of scientists and engineers in various areas of R&D activity to maintain and demonstrate technology leadership.

### Outlook

The company intends to accelerate product introduction with the objective to outperform.

The company is making attractive investments to enhance product specialization and demonstrate a visible technology edge over competing products. Besides, the company intends to extend its well established competence in existing product segments through measurable parameters to the newly-entered two- and three-wheeler segment.



**JK Tyre: A tradition of technology leadership**

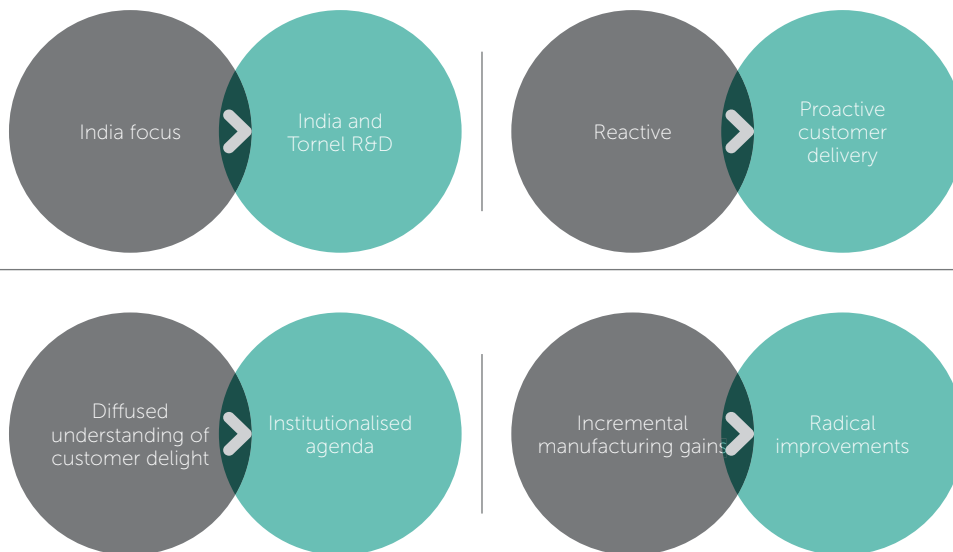
- JK Tyre was the first Indian company to manufacture and market radial tyres in India (passenger radials in 1977; truck/ bus radials in 1999)
- First Indian company to launch an eco- friendly 'green' tyre
- First in India to launch high performance H, V and Z-rated

passenger radial tyres

- First company in India to commission an independent research and development centre – HASETRI (Hari Shankar Singhania Elastomer & Tyre Research Institute), a one-of-its-kind state-of-the-art R&D centre in Asia Pacific Region.
- First in India with OE fitment of tubeless radials

- First tyre vendor selected by Suzuki Motor Corporation to work on its Swift model from the drawing board onwards
- First Indian tyre to be recognised as a Superbrand by global advertising professionals
- First (and only) tyre company in India to be awarded the CII-EXIM Business Excellence Award commendation certificate

**TRANSFORMATION AT JK TYRE**



**Our prominent launches, 2015-16**

**Ranger:** Designed to upgrade the overall driving experience of SUVs in India. Comes with Special DUAL Tread Compound that offers unmatched tyre stability and grip; the SUVs can stop from 100 kmph to 0 kmph in less than 4 seconds. Available in two variants - All Terrain and

Highway Terrain. Available for high-end SUVs like Audi Q-series Land Rover Freelander, Fortuner, Nissan X-trail, Terrano, Pajero, EcoSport, Duster and more.

**UX Royale:** Addressing the premium sedan segment. Offers the ultimate ease of driving,

even at blink-and-miss speeds. Speed rated from H to V, which translates into optimum control and effortless handling at speeds of up to 240 km/hour. Waffle Groove Design facilitates exceptional grip and superior DUAL tread Compound for crisp handling and traction

control. Comes with added benefits of minimal noise and vibration generation. Offered in sizes from 14 to 16 inches and available for sedans like Accord, Octavia, Camry, Superb, Civic and many more.

## Global business

# At JK Tyre, we are widening our global reach and strengthening retail channels to **enhance global revenues**

## Challenges

The company's Global Business encountered one of the most challenging years in 2015-16. Commodity markets weakened across the world, triggering a decline in prices that caused customers to hold back and slow purchases. The Brazilian economy weakened considerably from the second half of 2015, impacting exports into the region. Besides, geopolitical and economic volatility affected Middle East and North Africa. A combination of these challenges and uncertainties resulted in a decline in exports to ₹ 847 crores in 2015-16.

## Strengths

The aberration notwithstanding, JK Tyre enjoys a number of enduring strengths in the global market.

The company is present in a wide

footprint of 100 countries across six continents, a reasonable de-risking from a decline in the offtake from a few markets.

The company is a prominent global supplier, marketing products under its own labels (JK Tyre and Vikrant). The company has been a prominent exporter of premium Bias tyres and the largest exporter of truck-bus radial tyres from India.

The company's manufacturing presence in Mexico makes it possible to address demand in the American region through customized product offerings and faster deliveries.

## Outlook and initiatives

The company made USA the key to its plan to rebound; the Global Business team worked with the technical team to develop

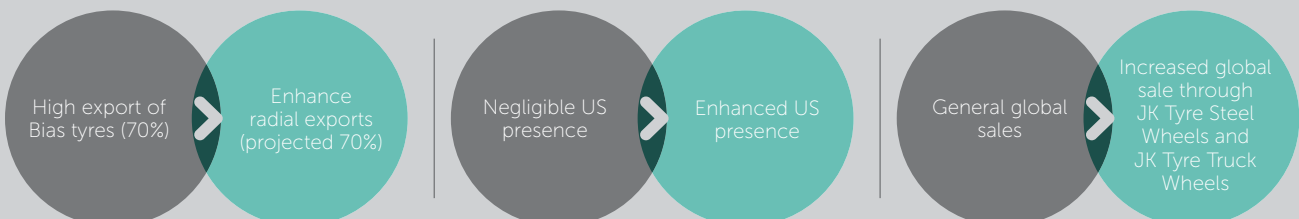
customized products for this market coupled with necessary Quality Assurance.

Besides, the company intends to aggressively enter other regions viz. Latin America, Africa and Asia. It moved swiftly to establish a renewed distribution base in Iran following the lifting of economic sanctions.

The company accelerated the development of radial tyres in the Passenger, Light Truck, Truck, Farm categories for all global markets and with a view to build volumes across a number of product categories for the large USA market.

The company intends to 'be in market' by establishing global hubs to service customer needs faster; this will enhance its participation in global tyre exhibitions an increase brand visibility.

## TRANSFORMATION AT JK TYRE











Branding

At JK Tyre, we intend to reinforce our position as one of the first brands recalled by the customer for **endurance, service, choice and price-value**

### Challenges

As the Indian economy slowed, tyre consumers either postponed purchase, shifted purchase to lower-priced variants or retreaded their tyres. Growing competition widened choice and the country's Bias tyre market share declined. These realities made it imperative for the

company to enhance brand recall around specific attributes.

### JK Tyre differentiators

The company scaled its long-term engagement with motorsport with the objective of highlighting its technology edge, product superiority and use motorsports as a

real-life laboratory for validating the company's products in extreme test conditions.

The company emerged as the first in India to acquire an FIA-accredited series when it acquired Formula BMW Series (renamed JK Racing Asia Series).



Over the years, the company invested over ₹100 crores in building motor sport infrastructure, catalysing its association and evolution of the sport in India from niche to mass awe-enhancing appeal. As an extension, the Company invested in grassroots motorsport properties and programmes like karting on the one hand and the gruelling 'Tata T1 Prima Truck Racing Championship' (in partnership with Tata Motors) on the other. This helped showcase Jetracing (first truck racing tyre in India) and the Company's capacity to sustain 160 km/hr speed with demanding braking requirements.

Over the last 2-3 years, JK Tyre enhanced its visibility through the media and customer recall through hi-decibel campaigns related to the brand and new product launches.

The company launched an integrated campaign targeted at premium car owners showcasing its technological prowess in making world-class products for that segment. It developed on the insight that in the busy lives of successful people, they get to spend time with their friends and family, when driving together for a break - an insight rooted in our category and allowing the company's tyres to take a high emotional ground of helping people enjoy worry-free long drives - aptly captured in the line 'The farther you go, the closer you come'.

The company's brand was strengthened when JD Power conferred the JD Power 2015 India Original Tyre Customer Satisfaction Index award to JK Tyre.

During 2015, the company launched its Global series of tyres - 'Ranger' SUV tyres and 'UX Royale' - setting new benchmarks in their respective segments through superior braking of 100-0 in seconds and high-speed performance of up to 240kmph respectively. The tyres were available for all premium SUVs and luxury sedans.

The integrated campaign for Ranger SUV launch was a key marketing activity coinciding with the retail availability of its HT and AT products. The TV campaign featured a story of friends reliving and remembering a trip that didn't go as planned, even as JK Ranger AT managed to ensure a worry-free trip.

The company focused on an emotional engagement with

consumers, creating a positive brand disposition, consideration and advocacy. It worked across customer touch points - brick-n-click (offline and online) - as these represented moments of truth at the time of purchase and online engagement, strengthening research.

The company worked tirelessly to innovate in the retail format by expanding branded exclusive showrooms in keeping with consumer expectations. It launched 'JK Tyre Steel Wheels' outlets in urban and semi-urban India, and 'JK Tyre Truck Wheels' outlets in transport nagars for sales, buy back and service arrangements. Besides, its tyre solutions - tyre purchase to disposal - enhanced its brand as a company that cares.

The company kept extending its performance frontiers. It conducted the TATA Motors Geared for Glory Challenge, where four Tata Motors cars, riding on JK Tyre 'UX Royale' and 'Vectra' products, drove non-stop for 200,000 kms across 18 days at an average speed of 125 kmph, demonstrating an impressive grip while breaking more than 400 national records.

The company launched 44 passenger car radial products and 20 truck/bus radial products that addressed changing market needs in addition to products in the farm, LCV and SCV categories.

The result is that JK Tyre reported growth in each domestic tyre segment for the second successive year and recorded 27.4% growth in the domestic TBR and a 13.7% growth in the domestic PCR segment. Besides, the company enhanced realisations by branding products better.



## People

At JK Tyre, we are investing in people to enhance passion, knowledge, skill and competencies and team work with the objective of **sustained outperformance**

**T**he company believes that in a borderless and fast-changing global business scenario marked by increasing competition, it is talent and engagement that generates a competitive advantage.

Over the years, the company invested in people capabilities through several initiatives. It invested in learning and development initiatives for employees across levels. These initiatives comprised competency based assessment and training programs for managers as well as skill-based training programs for operator personnel at our plants.

The company fostered on-going coaching and feedback

for all employees as part of its on-the-job development. The company maintained ongoing dialogue through well-designed communication channels (monthly web cast, town hall meetings etc.) to gauge aspirations, feelings and ensure happy retention. It recruited talent aggressively with the objective to develop a talent pipeline.

In recognition of our people development initiatives, the company was recognized with awards like National Award for Excellence in Talent Management 2015 by Delhi Management Association and an award for Innovative H R Practices by Asia Pacific HRM Congress.





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**39375** Cumulative industry experience of the Company in person-years

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**5.4** Training per person in person-days a year

**75** Percentage of people more than three years in the company

**38.5 years** Average age of the Company's employees



# DIRECTORS' REPORT

## TO THE MEMBERS

Your Directors are pleased to present the Annual Report of your Company, along with audited financial statements for the financial year ended 31st March, 2016.

### Operations

The Company recorded an excellent performance during the year under review. Profit before tax on a standalone basis stood at ₹ 590 crores, an all-time high, registering an increase of 57% on a turnover of ₹ 6,580 crores.

On a consolidated basis, the Company reported a profit before tax of ₹ 669 crores, recording an increase of 38% on a turnover of ₹ 7,654 crores.

The Company maintained its leadership in the Truck/Bus Radial segment while further improving its position in the passenger car tyre segment. Better operating efficiencies, all-round cost reduction, deeper rural penetration, launch of several new products across categories and stable input costs helped the Company achieve this significant improvement in performance.

What makes this performance even more heartening is that it came in the wake of subdued demand growth in several tyre segments in India and a lower export turnover due to disturbed political and economic conditions in some of the key international markets. With the automobile industry poised for stronger growth and economic activity set to improve, the Company's prospects appear brighter .

### Acquisition of Cavendish Industries Ltd.

Your Directors are pleased to announce the acquisition of Cavendish Industries Ltd. (Cavendish), effective 13th April, 2016. Cavendish houses three tyre plants, located in Laksar (Haridwar) which manufacture a wide range of tyres, tubes and flaps. With this acquisition, JK Tyre has aggregated 12 tyre plants - nine in India and three in Mexico. The acquisition, undertaken at an Enterprise Value of ₹ 2,170 crores, was funded by a combination of equity and debt. Post-acquisition, Cavendish has become a subsidiary with eighty percent

shareholding held by the Company along with a subsidiary and the balance through associates / group companies.

The acquisition is in line with the strategic vision of JK Tyre emerging as one of the leading global tyre companies with a comprehensive portfolio capable of catering to the domestic and international markets.

Following the acquisition of Cavendish, JK Tyre will possess an additional capacity for Truck and Bus Radials, which represents a high-growth segment where the Company is already the market leader. The acquisition will also provide JK Tyre entry into the fast-growing two and three-wheeler tyre segments. Therefore, the acquisition is strategic, revenue accretive and synergistic with the Company's existing tyre business.

### Expansion Project

The Company expanded its Truck/Bus and Passenger Line Radial capacities at its All-Radial Chennai plant. This ₹ 1,430 crores project was completed in phases during the year under review. The benefits of this expanded capacity will start accruing during the current year and strengthen the Company's leadership in this fast-growing segment.

### Awards

During the year under review, your Company received several coveted awards for excellence in various areas including:

- Ranked No.1 in 'Customer Satisfaction with Original Tyre' by JD Power Asia Pacific Study 2015.
- The 'Brand of the Year' award by the World Branding Forum, a global non-profit organization dedicated to advancing branding standards.
- The 'National Energy Conservation' award 2015, in the tyre sector (Chennai plant) by the Ministry of Power, Government of India.
- The TPM Consistency award for 'Manufacturing Excellence' at the Mysuru plant.

- Felicitated by the 16th National award for 'Excellence in Energy Management (Kankroli plant)' by the CII.
- The National award for 'Excellence in Talent Management' by the Delhi Management Association.

## Dividend

Your Directors are pleased to recommend a dividend of ₹ 2.50 per equity share of ₹ 2 each (i.e 125%) on the equity share capital of ₹ 45.36 crores for the financial year ended 31st March, 2016. The dividend outgo will be ₹ 68.25 crores (inclusive of a dividend tax of ₹ 11.55 crores).

## Appropriations

The amount available for appropriation, including surplus from the previous year, stood at ₹ 566.22 crores. The Directors propose this to be appropriated as under:

	(₹ crores)
General Reserve	150.00
Dividend	56.70
Corporate Dividend Tax	11.55
Surplus carried to Balance Sheet	347.97
<b>Total</b>	<b>566.22</b>

## Extract of Annual Return

An extract of the Annual Return, as on 31st March 2016, in the prescribed form MGT 9, is attached as Annexure 'A' with this Report and forms a part of it.

## Related Party Transactions

During the financial year ended 31st March 2016, all contracts or arrangements or transactions entered into by the Company with related parties were in the ordinary course of business and on an arm's length basis and were in compliance with the applicable provisions of the Companies Act 2013, and the Securities and Exchange Board of India (Listing Obligations

and Disclosure Requirements) Regulations 2015, as applicable.

Further, the Company did not enter into any contract or arrangement or transaction with related parties that could be considered material in accordance with the policy of the Company on materiality of related party transactions. In view of the above, disclosure in FORM AOC-2 is not applicable.

The Related Party Transaction Policy, as approved by the Board, is available on the Company's website.

## Particulars of Loans, Guarantees and Investments

The particulars of loans, guarantees, securities and investments, covered under the provisions of Section 186 of the Companies Act 2013, are furnished in the financial statements.

## Directors and Key Managerial Personnel

Your Directors express their profound grief on the sad demise of Shri O.P. Khaitan, an Independent Director of the Company, on 6th December 2015. Shri Khaitan joined the Board of the Company in the year 1974 when it was just about setting up its first automotive tyre plant in Jaykaygram, Kankroli, an industrially-backward area in Rajasthan. Your Directors pay their respectful homage to Shri Khaitan and place on record their deep appreciation for the valuable services rendered by him during his long tenure of over 40 years.

Shri Vikrampati Singhania, Deputy Managing Director, resigned from the Directorship of the Company with effect from the close of business hours of 20th January 2016 owing to other commitments. Consequently, Shri Singhania also ceased to be a key managerial personnel of the Company. The Board took note of the same and placed on record its deep appreciation for the valuable services rendered by him during his long tenure of 20 years in various capacities.

The Board of Directors appointed Shri Shreekant Somany as

an Additional Director of the Company, pursuant to Section 161 of the Companies Act, 2013, effective 16th March 2016. He has been appointed as Independent Director for a term of five consecutive years with effect from the said date, subject to the approval of members of the Company at the ensuing Annual General Meeting (AGM). In terms of the said Section, Shri Somany will hold office as Director up to the date of the ensuing AGM. The Company has received a notice in writing from a member proposing his candidature as a Director. The Board recommends the appointment of Shri Somany as a Director.

The Board of Directors of the Company appointed Shri Anshuman Singhania as an Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013, effective 16th March 2016. The Board also appointed Shri Anshuman Singhania as a Whole-time Director of the Company for a term of five years commencing 16th March 2016, subject to the approval of members of the Company at the ensuing AGM. Shri Anshuman Singhania also became a key managerial personnel of the Company effective from the said date.

Shri Singhania will hold office as Director up to the date of the ensuing AGM. The Company has received a notice in writing from a member proposing his candidature as a Director. The Board recommends the appointment of Shri Anshuman Singhania as a Director.

Shri Bharat Hari Singhania retires by rotation and, being eligible, offers himself for re-appointment at the ensuing AGM.

Declarations have been received from all Independent Directors of the Company that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Further, there were no other changes in the KMP composition in terms of Section 203 of the Companies Act 2013.

### Conservation of Energy, Etc.

The details, as required under Section 134(3) (m) read with the Companies (Accounts) Rules 2014, are annexed to this Report as Annexure 'B' and forms a part of it.

### Consolidated Financial Statements

The consolidated financial statements have been prepared by the Company in accordance with the applicable accounting

standards. The audited consolidated financial statements, together with the Auditors' Report, form a part of the Annual Report.

A report on the performance and financial position of each of the subsidiaries and associates included in the consolidated financial statements is presented in a separate section in this Annual Report. Please refer to AOC-1 annexed to the financial statements in the Annual Report.

Pursuant to the provisions of Section 136 of the Act, the financial statements, the consolidated financial statements, along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

During the financial year under review, Natext Biosciences Private Ltd. has become a wholly-owned subsidiary of the Company. No Company has ceased to be your Company's subsidiary during the said financial year.

### Deposits

Pursuant to the approval of members by means of a special resolution dated 22nd September 2015, the Company has continued to accept deposits from the public, in accordance with the provisions of the Companies Act 2013 and rules thereunder.

The particulars with respect to deposits covered under Chapter V of the said Act, for the financial year ended 31st March 2016 are: (a) accepted during the year - ₹ 46.02 crores; (b) remained unclaimed as at the end of the year - ₹ 1.85 crores; (c) defaulted in repayment of deposits or payment of interest thereon at the beginning of the year and at the end of the year - Nil and (d) details of deposits which are not in compliance with the requirements of Chapter V of the said Act - Nil.

### Auditors

#### (a) Statutory Auditors and their report

M/s Lodha & Co., Chartered Accountants, were appointed Auditors of the Company to hold office from the conclusion of the 61st Annual General Meeting (AGM) held on 25th September 2014 until the conclusion of the 64th Annual General Meeting to be held in 2017, subject to ratification of the appointment by the members at the respective AGMs held/to be held in the years 2015 and 2016. Accordingly, being eligible, matter relating to the appointment of the auditors will be placed for ratification by members at the forthcoming Annual General Meeting. The observations of

the auditors in their report on accounts and the financial statements, read with the relevant notes are self-explanatory.

### **(b) Secretarial Auditor and Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 the Board of Directors appointed Shri Namo Narain Agarwal, Company Secretary in Practice, as Secretarial Auditor to carry out the secretarial audit of the Company for the financial year 2015-16. The Report, given by him for the said financial year in the prescribed format, is annexed to this Report as Annexure 'C'. The secretarial audit report does not contain any qualifications, reservations or adverse remarks.

### **(c) Cost Auditor and Cost Audit Report**

The Company was not required to get its cost accounts audited for the financial year ended 31st March 2015 pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, dated 30th June 2014. However, in terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, notified on 31st December 2014, the audit of the cost accounts of the Company for the financial year ended 31st March 2016 is being conducted by M/s R.J. Goel & Co., Cost Accountants, Delhi.

### **Particulars of Remuneration**

Details as required under the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are placed on the Company's website www.jktyre.com as an annexure to the Directors' Report. A physical copy of the same will be made available to any shareholder on request, as per provisions of Section 136(1) of the said Act.

Details as required under the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the said Rules, which form part of the Directors' Report, will be made available to any shareholder on request, as per provisions of Section 136(1) of the said Act.

### **Corporate Social Responsibility**

Your Company aims to contribute to sustainable growth of the society at large. As a means to this end, the Company will continue responding to society's expectations and demands in a holistic and decisive manner in the fields of environment, conservation of natural resources, health, education, rural development, among others.

The Company has framed its CSR policy in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The contents of the CSR policy are disclosed on the website of the Company.

The annual report on the CSR activities undertaken by the Company during the financial year under review, in the prescribed format is annexed to this Report as Annexure 'D'.

### **Internal Financial Controls**

The Company has in place an adequate budgetary control system and internal financial controls with reference to financial statements. No reportable material weaknesses were observed in the system during the previous fiscal. Further, the Company has laid down internal financial control policies and procedures which ensure accuracy and completeness of the accounting records and the same are adequate for safeguarding of its assets and for prevention and detection of frauds and errors, commensurate with the size and nature of operations of the Company. The policies and procedures are also adequate for orderly and efficient conduct of business of the Company. The Company also has a robust management information system for the timely preparation of reliable financial information.

### **Significant and Material Orders Passed by the Regulators or Courts or Tribunals**

During the financial year under review, there were no significant and material orders passed by the regulators or courts or tribunals that could impact the going concern status of the Company and its future operations.

### **CORPORATE GOVERNANCE – (including details pertaining to Board Meetings, Nomination and Remuneration Policy, Performance Evaluation, Risk Management, Audit Committee and Vigil Mechanism)**

Your Company reaffirms its commitment to the highest standards of corporate governance practices. Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, a Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of this Report as Annexures - 'E' & 'F'.

The Corporate Governance Report which forms part of this Report also covers the following:

a) Particulars of the six Board Meetings held during the



financial year under review.

- b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, inter alia, the criteria for performance evaluation of directors.
- c) The manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.
- d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.
- e) Details regarding Risk Management.

### Directors' Responsibility Statement

As required under Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the Company for that period;
- (c) proper and sufficient care has been taken for the 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;

- (d) the annual accounts have been prepared on a going concern basis;
- (e) the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- (f) the proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

### Acknowledgements

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

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

On behalf of the Board of Directors

1<sup>st</sup> July 2016  
New Delhi

**Dr. Raghupati Singhania**  
Chairman & Managing Director

## ANNEXURE A TO THE DIRECTORS' REPORT

FORM NO. MGT-9

### Extract of Annual Return

as on the financial year ended on 31st March 2016  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other Details:

(i)	CIN	:	L67120RJ1951PLC045966
(ii)	Registration Date	:	14th February 1951
(iii)	Name of the Company	:	JK Tyre & Industries Ltd.
(iv)	Category/Sub-Category of the Company	:	Public Company/Limited by Shares
(v)	Address of the registered office and contact details	:	Jaykaygram, PO - Tyre Factory, Kankroli - 313 342 (Rajasthan) Ph. No. : 02952-302400/330011 Fax No. : 02952-232018 Email id : investorjktyre@jkm.com Website : www.jktyre.com
(vi)	Whether listed Company (Yes/ No)	:	Yes
(vii)	Name, address and contact details of Registrar and Transfer Agent, if any	:	Alankit Assignments Ltd. Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi- 110 055 Ph. No. : 91-11-42541234;23541234 Fax No. : 91-11-41543474 Email id : rta@alankit.com Website : www.alankit.com

#### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company:

Sl. No.	Name and description of the main products/ services	NIC code of the product/ service*	% to total turnover of the Company
1.	Tyres, Tubes & Flaps	25111	100%

\* As per National Industrial Classification (2008) – Ministry of Statistics and Programme Implementation.

### III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable Section
1	J.K. International Ltd. Suite 11, Keynes House, Chester Park, Alfreton Road, Derby, DE214AS	Not Applicable	Subsidiary	100	2(87)
2	J.K. Asia Pacific Ltd. Room 908, Dominion Centre, 43-59, Queens Road, East, Hong Kong	Not Applicable	Subsidiary	100	2(87)
3	J.K. Asia Pacific (S) Pte. Ltd. 10, Jalan Besar, #10-12, Sim Lim Tower, Singapore- 208 787	Not Applicable	Subsidiary	100	2(87)
4	Lankros Holdings Ltd. Lambousas1, P.C. 1095, Nicosia, Cyprus	Not Applicable	Subsidiary	100	2(87)
5	Sarvi Holdings Switzerland AG Acton Treuhand AG, Gotthardstrasse 28, Postfach 4029 6304 Zug	Not Applicable	Subsidiary	100	2(87)
6	JK Tornel S.A. de C.V. Santa Lucia No. 311, Col. Santa Cruz, Acayucan CP 02770 Azcapotzalco, Mexico D.F.	Not Applicable	Subsidiary	99.96	2(87)
7	Comercializadora America Universal, S.A. de C.V. Santa Lucia No. 311, Col. Santa Cruz, Acayucan CP 02770 Azcapotzalco, Mexico D.F.	Not Applicable	Subsidiary	99.96	2(87)
8	Compania Hulera Tacuba, S.A. de C.V. Santa Lucia No. 311, Col. Santa Cruz, Acayucan CP 02770 Azcapotzalco, Mexico D.F.	Not Applicable	Subsidiary	99.96	2(87)
9	Compania Hulera Tornel, S.A. de C.V. Santa Lucia No. 311, Col. Santa Cruz, Acayucan CP 02770 Azcapotzalco, Mexico D.F.	Not Applicable	Subsidiary	99.96	2(87)
10	Compania Inmobiliaria Norida, S.A. de C.V. Santa Lucia No. 311, Col. Santa Cruz, Acayucan CP 02770 Azcapotzalco, Mexico D.F.	Not Applicable	Subsidiary	99.96	2(87)
11	General de Inmuebles Industriales, S.A. de C.V. Santa Lucia No. 311, Col. Santa Cruz, Acayucan CP 02770 Azcapotzalco, Mexico D.F.	Not Applicable	Subsidiary	99.96	2(87)
12	Gintor Administracion, S.A. de C.V. Santa Lucia No. 311, Col. Santa Cruz, Acayucan CP 02770 Azcapotzalco, Mexico D.F.	Not Applicable	Subsidiary	99.96	2(87)



Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held*	Applicable Section
13	Hules Y Procesos Tornel, S.A. de C.V. Santa Lucia No. 311, Col. Santa Cruz, Acayucan CP 02770 Azcapotzalco, Mexico D.F.	Not Applicable	Subsidiary	99.96	2(87)
14	Natext Biosciences Private Ltd 3, Bahadur Shah Zafar Marg, New Delhi-110 002	U24295DL2007PTC158104	Subsidiary	100	2(87)
15	Dwarkesh Energy Ltd. Gulab Bhawan, 3rd Floor, 6A, Bahadur Shah Zafar Marg, New Delhi- 110 002	U31200DL2005PLC278945	Associate	Equity -35 OCCRPS^ - 33.33	2(6)
16	Hari Shankar Singhania Elastomer and Tyre Research Institute(HASETRI) Jaykaygram, P.O. Tyre Factory, Kankroli, Rajsamand, Rajasthan	U73100RJ1991NPL006245	Associate	24*	2(6)
17	Florence Investech Ltd. Patriot House, 3, Bahadur Shah Zafar Marg, New Delhi - 110 002	L24211DL1993PLC254964	Associate	32.29	2(6)

^ OCCRPS – Optionally Convertible Cumulative Redeemable Preference Shares.

\* HASETRI is an approved Scientific and Research Institute which cannot distribute Equity Dividend to its shareholders, being a Company licensed under Section 25 of the Companies Act, 1956.

\* Represents aggregate % of shares held by the Company and/or its subsidiaries.



## IV. Shareholding Pattern (Equity Share Capital Break-up as percentage of Total Equity)

### (i) Category-wise Shareholding

	Category of shareholders	No. of shares held at the beginning of the year (as on 1st April 2015)				No. of shares held at the end of the year (as on 31st March 2016)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A.</b>	<b>Promoters **</b>									
(1)	Indian									
a)	Individual/HUF	5123305	-	5123305	2.26	4374105	-	4374105	1.93	(0.33)
b)	Central Govt.	-	-	-	-	-	-	-	-	-
c)	State Govt.(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corp.	113594350	-	113594350	50.08	114343550	-	114343550	50.41	0.33
e)	Banks/FI	-	-	-	-	-	-	-	-	-
f)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A) (1)</b>	<b>118717655</b>	<b>-</b>	<b>118717655</b>	<b>52.34</b>	<b>118717655</b>	<b>-</b>	<b>118717655</b>	<b>52.34</b>	<b>-</b>
(2)	Foreign									
a)	NRIs –Individuals	-	-	-	-	-	-	-	-	-
b)	Other- Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corp.	-	-	-	-	-	-	-	-	-
d)	Banks/ FI	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)**</b>	<b>118717655</b>	<b>-</b>	<b>118717655</b>	<b>52.34</b>	<b>118717655</b>	<b>-</b>	<b>118717655</b>	<b>52.34</b>	<b>-</b>

\*\* The total shareholding of Promoters at (A) above includes 6,13,10,360 Equity Shares (27.03%) as on 1st April 2015, 6,20,59,560 Equity Shares (27.36%) as on 31st March 2016, pertaining to constituents of the Promoter Group as per SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009. The same does not form part of the Promoters as defined in the Companies Act, 2013. The change of 0.33% during the year indicates movement of shareholding of one entity forming part of promoter to an entity forming part of the Promoter group.

	Category of shareholders	No. of shares held at the beginning of the year (as on 1st April 2015)				No. of shares held at the end of the year (as on 31st March 2016)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>B.</b>	<b>Public shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
a)	Mutual Funds	2383827	5260	2389087	1.05	47191	1260	48451	0.02	(1.03)
b)	Banks/FI	352134	20730	372864	0.16	316823	240590	557413	0.25	0.08
c)	Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt.(s)	1427600	-	1427600	0.63	1427600	-	1427600	0.63	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	1981315	695	1982010	0.87	1981875	135	1982010	0.87	-
g)	FIs	32454366	-	32454366	14.31	21624774	-	21624774	9.53	(4.77)
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1):-</b>	<b>38599242</b>	<b>26685</b>	<b>38625927</b>	<b>17.03</b>	<b>25398263</b>	<b>241985</b>	<b>25640248</b>	<b>11.30</b>	<b>(5.73)</b>

	Category of shareholders	No. of shares held at the beginning of the year (as on 1st April 2015)				No. of shares held at the end of the year (as on 31st March 2016)				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>2.</b>	<b>Non-Institutions</b>									
a)	Bodies Corp.									
i)	Indian	15112478	29040	15141518	6.68	17785183	21710	17806893	7.85	1.18
ii)	Overseas	17437500	-	17437500	7.69	17437500	-	17437500	7.69	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	23767070	2012725	25779795	11.37	36249447	1696160	37945607	16.73	5.36
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	7160198	-	7160198	3.16	5641112	-	5641112	2.49	(0.67)
c)	Others (specify)									
i)	Clearing Members	690262	-	690262	0.30	573375	-	573375	0.25	(0.05)
ii)	Directors and relatives (other than Promoters)	17180	4000	21180	0.01	2500	4000	6500	-	(0.01)
iii)	Non-Resident Indians	3096825	127275	3224100	1.42	2913950	122790	3036740	1.34	(0.08)
iv)	Trust	15345	-	15345	0.01	7850	-	7850	-	-
	<b>Sub-total (B)(2):-</b>	<b>67296858</b>	<b>2173040</b>	<b>69469898</b>	<b>30.63</b>	<b>80610917</b>	<b>1844660</b>	<b>82455577</b>	<b>36.35</b>	<b>5.73</b>
	<b>Total public shareholding (B)= (B)(1)+(B)(2)</b>	<b>105896100</b>	<b>2199725</b>	<b>108095825</b>	<b>47.66</b>	<b>106009180</b>	<b>2086645</b>	<b>108095825</b>	<b>47.66</b>	<b>-</b>
C.	Shares held by custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	<b>Grand total (A+B+C)</b>	<b>224613755</b>	<b>2199725</b>	<b>226813480</b>	<b>100.00</b>	<b>224726835</b>	<b>2086645</b>	<b>226813480</b>	<b>100.00</b>	<b>-</b>

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2015)			Shareholding at the end of the year (as on 31st March 2016)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of Shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Bengal & Assam Company Ltd.	55074250	24.28	-	55074250	24.28	-	-
2	Hari Shankar Singhania - Estate	749200	0.33	-	-	-	-	(0.33)
3	Shri Bharat Hari Singhania	718325	0.32	-	718325	0.32	-	-
4	Dr. Raghupati Singhania	818990	0.36	-	818990	0.36	-	-
5	Shri Vikrampati Singhania	46530	0.02	-	46530	0.02	-	-
	<b>Total</b>	<b>57407295</b>	<b>25.31</b>	<b>-</b>	<b>56658095</b>	<b>24.98</b>	<b>-</b>	<b>(0.33)</b>



(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Bengal & Assam Company Ltd.				
	At the beginning of the year	55074250	24.28	55074250	24.28
	Date-wise increase/decrease in Promoters' Shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			55074250	24.28
2.	Hari Shankar Singhania- Estate				
	At the beginning of the year	749200	0.33	749200	0.33
	Decrease in Promoters' Shareholding during the year - transmission on 6.10.2015	(749200)	(0.33)	-	-
	At the end of the year i.e., 31st March 2016			-	-
3.	Shri Bharat Hari Singhania				
	At the beginning of the year	718325	0.32	718325	0.32
	Date-wise increase/decrease in Promoters' shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			718325	0.32
4.	Dr. Raghupati Singhania				
	At the beginning of the year	818990	0.36	818990	0.36
	Date-wise increase/decrease in Promoters' Shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			818990	0.36
5.	Shri Vikrampati Singhania				
	At the beginning of the year	46530	0.02	46530	0.02
	Date-wise increase/decrease in Promoters' shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			46530	0.02

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.	Top ten shareholders	Shareholding at the beginning of the year (1st April 2015)		Shareholding at the end of the year (31st March 2016)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Florence Investech Ltd.	32659100	14.40	32659100	14.40
2	J.K. Fenner (India) Ltd.	18000000	7.94	18000000	7.94
3	Edgefield Securities Ltd.	17437500	7.69	17437500	7.69
4	BMF Investments Ltd.	7807500	3.44	7807500	3.44
5	Ultima Finvest Ltd.	2439675	1.08	2886308	1.27
6	LSV Emerging Markets Equity Fund LP	-	-	2540900	1.12
7	Dimensional Emerging Markets Value Fund	1404317	0.62	2025735	0.89
8	Acadian Emerging Markets Small Cap Equity Fund LLC	1244510	0.55	2022999	0.89
9	Life Insurance Corporation of India	1980445	0.87	1980445	0.87
10	Status Portfolios Ltd.	1565275	0.69	1565275	0.69

**Note:** More than 99% of the Shares of the Company are held in dematerialised form, and are widely traded on daily basis. Therefore, the date wise increase/decrease in shareholding is not indicated.

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Dr. Raghupati Singhania, Chairman & Managing Director				
	At the beginning of the year	818990	0.36	818990	0.36
	Date-wise Increase/Decrease in Shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			818990	0.36
2.	Shri Bakul Jain, Director				
	At the beginning of the year	6000	0.00	6000	0.00
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			6000	0.00
3.	Shri O.P. Khaitan – since deceased				
	At the beginning of the year	13680	0.01	13680	0.01
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	Holding as on 6th December 2015, the day he ceased to be a Director			13680	0.01
4.	Smt. Sunanda Singhania, Director				
	At the beginning of the year	562500	0.25	562500	0.25
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			562500	0.25
5.	Shri Bharat Hari Singhania, Managing Director				
	At the beginning of the year	718325	0.32	718325	0.32
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			718325	0.32
6.	Shri Vikrampati Singhania (Dy. Managing Director-part of the year)				
	At the beginning of the year	46530	0.02	46530	0.02
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	Holding as on 20th January 2016, the day he ceased to be a Director			46530	0.02

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	Shri Anshuman Singhania, Whole-time Director				
	At the beginning of the year (Director w.e.f 16th March 2016)	43375	0.02	43375	0.02
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			43375	0.02
8.	Shri Arun Kumar Bajoria, Director & President - International Operations				
	At the beginning of the year	500	0.00	500	0.00
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			500	0.00
9.	Shri S.C. Sethi (Whole-time Director -part of the year)				
	At the beginning of the year	1000	0.00	1000	0.00
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	Holding as on 14th May 2015, the day he ceased to be a Director			1000	0.00
10.	Shri Pawan Kumar Rustagi, Vice President (Legal) & Company Secretary				
	At the beginning of the year	250	0.00	250	0.00
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			250	0.00
11.	Shri Ashok Kumar Kinra, Chief Financial Officer				
	At the beginning of the year	1870	0.00	1870	0.00
	Date-wise Increase/Decrease in shareholding during the year	NO CHANGE			
	At the end of the year i.e., 31st March 2016			1870	0.00

**Note:** Shri Arvind Singh Mewar, Shri Vimal Bhandari, Shri Kalpataru Tripathy, Shri Shreekant Somany (Appointed as Director w.e.f.16th March 2016) and Dr. Wolfgang Holzbach, Directors of the Company were not holding any shares in the Company at the beginning of the year, i.e., as on 1st April 2015 and at the end of the year i.e., as on 31st March 2016. Also, there was no increase/decrease in their shareholding during the financial year.

## V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ crores)

	Secured loans excluding deposits	Unsecured loans	Deposit	Total indebtedness
<b>Indebtedness at the beginning of the financial year (as on 1st April 2015)</b>				
(i) Principal amount	2,317.79	251.17	37.53	2,606.49
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	7.50	1.74	3.20	12.44
<b>Total (i+ii+iii)</b>	<b>2,325.29</b>	<b>252.91</b>	<b>40.73</b>	<b>2,618.93</b>
<b>Change in indebtedness during the financial year</b>				
• Addition	306.28	-	46.02	352.30
• Reduction	(241.12)	(124.15)	(15.60)	(380.87)
<b>Net Change</b>	<b>65.16</b>	<b>(124.15)</b>	<b>30.42</b>	<b>(28.57)</b>
<b>Indebtedness at the end of the financial year (As on 31st March 2016)</b>				
(i) Principal amount	2,379.89	127.41	67.36	2,574.66
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	10.56	1.35	3.79	15.70
<b>Total (i+ii+iii)</b>	<b>2,390.45</b>	<b>128.76</b>	<b>71.15</b>	<b>2,590.36</b>

## VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ crores)

Sl. No.	Particulars of remuneration	Name of MD/WTD/Manager						Total Amount
		Dr. Raghupati Singhania (Chairman & Managing Director)	Shri Bharat Hari Singhania (Managing Director)	Shri Vikrampati Singhania (Dy. Managing Director) §	Shri S.C. Sethi (Whole-time Director) §	Shri Arun K. Bajoria (Director & President - International Operations)	Shri Anshuman Singhania (Whole-time Director) ¶	
1.	Gross Salary							
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3.32	0.26	1.13	0.16	2.79	0.08	7.74
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.66	-	0.41	0.01	0.13	0.01	1.22
2.	Commission - as % of profit	16.55	16.55	13.35	0.10	1.05	-	47.60
3.	Others (mainly contribution to Provident Fund)	0.38	0.02	0.12	0.02	0.14	0.01	0.69
	<b>Total (A)</b>	<b>20.91</b>	<b>16.83</b>	<b>15.01</b>	<b>0.29</b>	<b>4.11</b>	<b>0.10</b>	<b>57.25</b>
	Ceiling as per the Act	₹ 66.17 crores (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)						

(The Company does not have sweat equity/scheme for stock option.)

§ Shri Vikrampati Singhania and Shri S.C. Sethi were Directors/KMPs of the Company upto the close of business hours on 20th January 2016 and 14th May 2015, respectively. The details of their respective remunerations are accordingly upto the said periods.

¶ Shri Anshuman Singhania was appointed as Whole-time Director of the Company w.e.f. 16th March 2016. His remuneration details are therefore only for 16 days.



## B. Remuneration of other Directors

(₹ crores)

Sl. No.	Particulars of remuneration	Name of Directors							Total Amount
		Shri Arvind Singh Mewar	Shri Bakul Jain	Shri Om Prakash Khaitan <sup>§</sup>	Smt. Sunanda Singhania	Shri Vimal Bhandari	Shri Kalpataru Tripathy	Dr. Wolfgang Holzbach	
1	Independent Directors								
	• Fee for attending Board/ Committee meetings	0.08	0.05	0.06	-	0.04	0.05	0.04	0.32
	• Commission	0.15	0.15	0.11	-	0.15	0.15	0.15	0.86
	Total (1)	0.23	0.20	0.17	-	0.19	0.20	0.19	1.18
2	Other Non-executive Directors								
	• Fee for attending Board/ Committee Meetings	-	-	-	0.03	-	-	-	0.03
	• Commission	-	-	-	0.15	-	-	-	0.15
	Total (2)	-	-	-	0.18	-	-	-	0.18
	Total(B)= (1+2)	0.23	0.20	0.17	0.18	0.19	0.20	0.19	1.36
	Total Managerial Remuneration ((A)+(B))								58.61*
	Overall Ceiling as per the Act	₹ 72.79 crores (being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)							

\*Total Remuneration to Managing Directors, Whole-time Directors and other Directors (being the total of A and B), includes sitting fees of ₹ 0.35 crore.

§Shri O.P. Khaitan passed away on 6th December 2015.

-Shri Shreekant Somany was appointed as an Independent Director w.e.f. 16th March 2016. No meeting of the Board and of the Committees of the Board in which Shri Somany is a member was held between 16th March to 31st March, 2016.

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ crores)

Sl. No.	Particulars of remuneration	Key Managerial Personnel		Total Amount
		Shri Pawan Kumar Rustagi, Vice President (Legal) & Company Secretary	Shri Ashok Kumar Kinra, Chief Financial Officer	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.81	1.77	2.58
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.01	0.14	0.15
2.	Others (mainly contribution to Provident Fund)	0.02	0.06	0.08
	<b>Total</b>	<b>0.84</b>	<b>1.97</b>	<b>2.81</b>

(The Company does not have sweat equity/scheme for stock option. Commission – Not Applicable)

## VII. Penalties/Punishment/Compounding of Offences

There were no penalties, punishment or compounding of offences during the year ended 31st March 2016.

## ANNEXURE B TO THE DIRECTORS' REPORT

### A. Energy Conservation

Concept of energy conservation has become a way of life in your Company for several years now and our endeavour to improve upon energy performance has moved from strength to strength. We are very proud to record that JK Tyre this year achieved a total energy benchmark levels of 10.9 GJ/Ton, which stands among top five best companies in the sector worldwide. Our commitment to improve further would continue to achieve even better milestones. While the focus on energy continues, we have also started monitoring our carbon footprint and became the first tyre industry in India to have a certified CFV per IS standards. We have committed ourselves to improve our GHG emission year on year to provide healthier and safer environment for our future generations.

It is indeed satisfying that your Company has also achieved the distinction of being the lowest water consuming company and have established newer benchmarks for water consumption in tyre industry globally. Efforts to further reduce consumption at all our plant locations in India and Mexico are in full force, particularly at water scarce areas of Rajasthan and Tamil Nadu.

Some of the major efforts involved in conservation this year were around improving high efficient lighting, major network changes to improve on air efficiency, rationalization on boiler capacity, redistribution of thermal energy in view demand patterns and further increase in waste heat recovery with some very innovative and iconic methods never adopted before in tyre industry.

Our first solar roof top power plant became operational this year with a capacity of 500 MVA used for internal captive consumption. In addition a back pressure turbine replaced at pressure reducing station for meeting process needs and generating power as a by-product. Our efforts in bringing renewable power have started yielding results and we have started getting solar/wind power for two of our plants. Plans for new solar plants at Chennai and Rajasthan are in place.

### B. Technology Absorption

#### a) Research & Development

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

Innovation and Technology are critical ingredients to move forward in developing advanced processes & products to meet the emerging customer needs & expectations. Maintaining technological excellence through innovation and creativity has been the Company's focus and key to success.

During the year, in line with the global innovation trend, our research activities focussed on **Resource decoupling** (reducing the rate of use of resources per unit of economic activities) and **Impact decoupling** (maintaining economic output while reducing the negative environmental impact of any economic activity that are undertaken). Over and above, Research & Development activities concentrated on new concept development, selection of low impact material, reduction of material, optimization of production techniques, efficient distribution system, reduction of the environmental impact in the user stage, optimization of initial life time and optimization of end of life system.

##### ii) Expenditure on R&D

The expenditure on R&D during the year was ₹ 47.81 crores, which was 0.81% of the revenue.

#### b) Technology, Absorption and Innovation

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

Your Company's in-house R&D Centres work in the field of advanced material, alternate material, nano technology, process and product simulation, predictive technology, advanced tyre mechanics, vehicle dynamics including tyre characterization and other relevant areas in association with 'Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI)', RPS Centre of Excellence for Tyre & Vehicle Mechanics (RPS CoE); Rubber Technology Centre, IIT Kharagpur and major international raw material suppliers.

The Satellite Product Development Centre at Mexico City is fully operational and this helped to reduce the product development cycle time at our overseas plant.

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

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

The Company has derived immense benefits as a result of the above efforts in the areas of development of green technology, product performance improvement, cost optimization, improved product reliability and optimization of material uses, waste & scrap reduction including water and energy consumption.

Key new Product Developments:

- 121 New products Launched for domestic and International markets (OE and Replacement).
- 385/65R22.5 JUH6 Super Single tyre launched for Trailer application.
- New low aspect ratio tyres (315/70R22.5) are developed for Truck Racing.
- Several value engineered products launched.
- Received OEM approval for 16 Nos. new tyres.
- Achieved ever best benchmark figure.

**(iii) Details of Imported technology (imported during last 3 years reckoned from the beginning of financial year):**

No technology was imported during previous three financial years.

**C. Export, Foreign Exchange Earnings and Outgo**

	₹ crores	
	2015-16	2014-15
Foreign Exchange Earnings	597.68	860.78
Foreign Exchange Outgo	1,441.53	1,896.28

## ANNEXURE C TO THE DIRECTORS' REPORT

### Secretarial Audit Report

For the financial year ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
JK Tyre & Industries Ltd.  
Jaykaygram, PO-Tyre Factory,  
Kankroli- 313 342, Rajasthan

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JK Tyre & Industries Ltd. (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 (Audit Period), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999- (Not applicable to the Company during the Audit Period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- (Not applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- (Not applicable to the Company during the Audit Period);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- (Not applicable to the Company during the Audit Period); and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Management has identified and confirmed the following laws as being specifically applicable to the Company which have been complied with:-
- (a) Pneumatic Tyres and Tubes for Automotive Vehicles (Quality Control) Order, 2009



(b) Bureau of Indian Standards Act, 1986 and the Rules made thereunder as applicable to Tyre Industry.

I have also examined compliance with the applicable clauses of the following:

- (i) Mandatory Secretarial Standard 1 and Secretarial Standard 2 issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

Adequate Notice is given to all directors to schedule the

Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or Committees of the Board, as the case may be.

**I further report that** based on review of compliance mechanism established by the Company and on the basis of compliance certificates issued by the Company Executives and taken on record by the Board of Directors and Audit Committee at their meetings, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period, the Company has become holding company of Natext Biosciences Private Ltd.

**Namo Narain Agarwal**

Place: New Delhi  
Date: 5th May 2016

CP No. 3331  
FCS No. 234

This report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this report.

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**ANNEXURE I**

To,  
The Members,  
JK Tyre & Industries Ltd.  
Jaykaygram, PO-Tyre Factory,  
Kankroli- 313 342, Rajasthan

My report of even date on Secretarial audit for the financial year ended 31st March, 2016 is to be read along with this letter stating that -

- 1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- 3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

- 4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Namo Narain Agarwal**

Place: New Delhi  
Date: 5th May 2016

CP No. 3331  
FCS No. 234

## ANNEXURE D TO THE DIRECTORS' REPORT

### Annual Report on the CSR activities undertaken by the Company during the Financial Year ended 31st March 2016

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects and programs-
- The Company has been one of the foremost proponents of inclusive growth and since inception it has been undertaking projects for overall development and welfare of the society in areas pertaining to promoting preventive healthcare, education, rural development, environmental sustainability, conservation of natural resources, etc.
- Now, as required under the provisions of Section 135 of the Companies Act 2013, the Company has framed a CSR Policy. The details of the CSR Policy has been posted on the website of the Company and the web-link for the same is <http://www.jktyre.com/CSRPolicy.pdf>.
- As mentioned above, various projects/programs undertaken by the Company as per the CSR Policy are in the areas of healthcare, education including adult literacy, women empowerment, road safety, promotion of sports, environment protection, etc.
2. The Composition of the CSR Committee:
- The CSR Committee comprises of the following Directors:
- Dr. Raghupati Singhania (Chairman of the Committee), Non-independent
  - Shri Arun K. Bajoria, Non-independent
  - Shri Arvind Singh Mewar, Independent
3. Average Net Profit of the Company for last three financial years: ₹ 23,619.94 lakh
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 472.40 lakh

5. Details of CSR spent during the financial year
- a. Total amount to be spent for financial year : ₹ 475.54 lakh
- b. Amount unspent, if any : NIL
- c. Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise (₹ in Lakh)	Amount spent on the projects or programmes Sub Heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in Lakh)	Cumulative expenditure upto the reporting period (₹ in Lakh)	Amount Spent Direct or through implementing agency
1	Supporting HIV/AIDS Clinics / Awareness generation	Cl.(i) Promoting healthcare including preventive healthcare and sanitation and making available safe drinking water	Ludhiana & Chandigarh (Punjab); Raipur (Chhatisgarh); Bhiwandi & Vashi (Maharashtra); Jaipur & Udaipur (Rajasthan); Gwalior (MP) & Mysuru (Karnataka)	36.10	39.11	39.11	TCI Foundation, Vatsalya & Credit I
2	Supporting Rajsamand network of people living with HIV/AIDS		Kankroli (Rajasthan)	9.00	7.48	7.48	Rajsamand network of people living with HIV/AIDS
3	Regular health camps		Kankroli (Rajasthan); Banmore (MP); Mysuru (Karnataka) & Sriperumbudur (Tamil Nadu)	8.25	5.56	5.56	Direct
4	Drinking water management and sanitation facilities	Kankroli (Rajasthan); Banmore (MP); Sriperumbudur (Tamil Nadu) & Delhi	Kankroli (Rajasthan); Banmore (MP); Sriperumbudur (Tamil Nadu) & Delhi	29.25	55.77	55.77	CII Foundation & Direct
5	Pariwartan project		Kankroli (Rajasthan)	25.00	27.60	27.60	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programmes (1) Local area or other (2) Specify the state and district where projects or programmes were undertaken	Amount outlay (budget) project or programme-wise (₹ in Lakh)	Amount spent on the projects or programmes Sub Heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in Lakh)	Cumulative expenditure upto the reporting period (₹ in Lakh)	Amount Spent Direct or through implementing agency
6	Adult Literacy Project	Cl. (ii) Promoting education including special education	Kankroli (Rajasthan); Banmore (MP); Mysuru (Karnataka) & Sriperumbudur (Tamil Nadu)	53.20	31.91	31.91	Direct
7	Support to Schools, Ekal Vidhyalayas & ITIs		Kankroli (Rajasthan); Banmore (MP); Mysuru (Karnataka) & Sriperumbudur (Tamil Nadu)	27.20	20.86	20.86	Bhartiya Janseva Pratisthan, Swami Vivekananda Rural Development Society & Direct
8	Road Safety Awareness Programmes		Kankroli (Rajasthan); Mysuru (Karnataka) & Delhi	14.00	14.63	14.63	The Hindu, Safe Road Foundation, Road Safety & Emergency Services & Direct
9	Livestock Development through cattle breed improvement project	Cl. (x) Rural development projects	Banmore (MP)	9.00	5.17	5.17	JK Trust, Bhopal
10	Livelihood enhancement & water conservation project	Cl.(ii) Livelihood enhancement projects & Cl. (iv) Conservation of natural resources	Banmore (MP) & Mysuru(Karnataka)	65.40	56.44	56.44	BAIF Institute for Rural Development-Karnataka & Centre for Advanced Research & Development, Bhopal
11	Village Development Program		Sriperumbudur (Tamil Nadu) & Delhi	21.00	25.99	25.99	Hand in Hand, Chennai
12	Green Cover	Cl. (iv) Ensuring environmental sustainability and ecological balance	Kankroli (Rajasthan); Banmore (MP); Mysuru(Karnataka); Sriperumbudur (Tamil Nadu) & Delhi	37.00	37.29	37.29	Direct
13	Development of Rural Sports & Adoption of SC/ST Girls Hostel	Cl. (vii) Training to promote rural sports & Cl. (iii) Setting up homes and hostels for women	Banmore (MP) & Kankroli (Rajasthan)	4.00	4.06	4.06	Direct
14	Infrastructure Development (JK Stadium, Hospital & Orphanage)	Cl. (vii) Training to promote rural sports & Cl. (x) Rural development projects	Kankroli (Rajasthan); Mysuru (Karnataka) & Sriperumbudur (Tamil Nadu)	134.60	143.67	143.67	Direct
	<b>Total</b>			<b>473.00</b>	<b>(1) 475.54 (2) NIL</b>	<b>475.54</b>	

6. The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**Arun K. Bajoria**

Director & President - International Operations

Date: 16<sup>th</sup> May 2016

**Dr. Raghupati Singhania**

Chairman, CSR Committee

# MANAGEMENT DISCUSSION AND ANALYSIS

## Economic and Business Environment

The year 2015-16 witnessed unusual volatility in the international economic environment. There were fears that the global recovery would be slower than anticipated with rising risk of extreme events.

Amidst this gloomy landscape, India stood out on the back of its economic stability. Its stable macroeconomic outlook was founded on the Central Government's emphasis on achieving fiscal consolidation and lowering inflation. The Indian economy weathered the storm well, ending the year with a slightly higher growth rate of 7.6%. There was an upturn, especially in the manufacturing sector. However the agricultural sector remained an area of concern that could impact rural demand. The forecast of a better monsoon in 2016 will uplift the agrarian economy. Another area of concern is the weak outlook, especially in the OPEC economies, South America as well as the euro zone. Inflation stabilized which led to the RBI, announcing a calibrated easing of interest rates to some extent. The keen emphasis laid by the Central Government on the ease of doing business and 'Make in India' initiative led to higher FDI inflows. However, economic growth in 2016-17 is expected to be better which augurs well for the Indian tyre industry.

## Indian Automobile Industry

Overall sales of the Indian automotive industry grew 3% with varying performances across vehicle segments.

To cater to the emerging market needs, many new models were introduced by commercial vehicle manufacturers. The commercial segment which is a barometer of economic activity, grew by 10.3%. The M&HCV segment registered a sales growth of 28.7%. Light commercial vehicle sales grew 8%. However the SCV segment, which had witnessed rapid growth in the past few years, contracted 8.7% for the second consecutive year although the extent of the contraction was lower than in the previous year.

On the overall, passenger/MUV car sales registered a growth of 7.2%. The micro and compact segments, which account for 68% of the passenger car market by volume, grew 11%, and

the Sport/Multi utility vehicle segment continued to grow 12%. However, the reduction in difference between petrol and diesel prices as well as the clampdown on diesel vehicles because of environmental concerns could in all likelihood affect demand.

The growth outlook, according to the Society of Indian Auto Manufacturers (SIAM) remained muted following the announcements of the Union Budget 2016-17. It is expected that conversion to BS VI norms and implementation of new policy to scrap older vehicles could have a positive impact on demand. In the face of a second successive weak monsoon, the sales of tractors contracted 8.9%. The only silver lining for this segment was the expectation of a good monsoon in 2016.

The two and three-wheeler market, the largest segment by volume of the Indian automotive industry, grew by 2.5%. The motorcycle segment accounted for 65% of the total sales. The scooter segment's fast growth has indicated changing consumer preferences.

The focus of all the manufacturers was to introduce new models and variants, improve quality and widen distribution footprint.

## Indian Tyre Industry

Overall domestic demand for tyres has grown by 6%. However in the truck bias segment, demand continued to decline at a rate of 7%. The shift to radials continued in the OEM and replacement segments. The level of radialisation reached 44% with the OEM segment at 72% and replacement at 33%. There was a healthy growth in the demand for TBR tyres by over 47%. However, domestic manufacturers were impacted by the unabated growth in imported truck radials which grew by 65%. Imports from China, which accounted for 90% of the truck radial imports, more than doubled over the previous year. The inverted duty structure favouring inputs of finished goods over raw materials and non-levying of anti-dumping duty accelerated rampant increase in dumping of tyres from China.

The demand for LCV tyres declined by 6% while the SCV segment witnessed a growth of 2%. Radialisation in the segment reached a level of 28%.



In the passenger tyre segment, there was steady growth of over 7% driven by replacement and OE demand. Imported tyres impacted the economy segment, like used cars and taxis.

In line with a drop in tractor sales and muted demand from the agricultural sector, tractor tyre demand fell 13%.

Having touched new lows in FY 16, the mining sector is expected to rebound in the current year.

A stable raw material scenario enabled the tyre industry to counter threats posed by the challenging economic scenario. The industry reported an overall drop in prices in the wake of market pressures resulting in stagnation in top line growth.

## Overview of JK Tyre

- JK Tyre grew by 9% vis-à-vis a domestic industry growth of 6%.
- Capacity expansions at the all radial TBR and PCR plants at Chennai were successfully completed. The current year will see tangible benefits of enhanced capacities emerging.
- Expansion of the PCR capacity at Tornel (Mexico) was completed.

## Brand JK Tyre

Brand JK Tyre was recognized nationally by Superbrands Council and internationally by the World Branding Council, London. This was the result of efforts to engage consumers. The brand continues to deliver best-in-class products and services to customers around the world.

As a follow up of the earlier brand campaign which was built on Passenger Centric theme, JK Tyre launched an integrated Brand campaign which dwelled around the pleasure and thrills of off-the-road travel. The high-performance "Ranger" series of SUV tyres was launched via a unique off-the-road experience zone created at different locations. Needless to say, the campaign successfully established the technological prowess and amplified the "Total Control" message.

The Brand also moved aggressively into the digital media by revamping the website of [www.jktyre.com](http://www.jktyre.com).

## Segment-wise Performance (Review)

### Truck/Bus radials

JK Tyre pioneered Radial technology in India. In the truck radial category, the Company holds the singular distinction of having produced 10 million tyres till date. JK Tyre now possesses the widest range of truck radial tyres in India, enhanced by the introduction of 20 new SKUs during the year, for the domestic

and international markets.

JK Tyre also setup Truck Wheels centers to meet the complete service requirements of Fleet Owners by providing unique services like Wheel Alignment and Balancing. The number of JK Tyre Truck Wheels outlets increased to 23 across the country. This category is supported by the CRM programme JK Badshah for fleet customers and JK Star for channel partners. JK Tyre also pioneered the unique concept of 'Fleet Management' in India. There are over 1,000 fleets enrolled under the fleet management program, where the Fleet owners are provided personalized service support and expert guidance, which helps in improving tyre performance and reducing operating cost.

### Truck/Bus Bias

In this category the focus has been on customer education across leading transport clusters in the country. A focused drive to connect with users of mining tyres was made through the campaign 'Khadan Express' in the target markets. To meet customer needs for high mileage lug tyres the 'Jet L Miles' has been introduced. In potential markets a consumer connect campaign 'Suhana Safar' was organized through mobile vans which enabled consumer interaction and enhanced product exposure. Retreadability is emerging as a major factor in some of the markets, accordingly a retread warranty campaign was executed in target markets.

In the rib tyre segment JK Tyre sustained its leadership through its high performance tyre, Jet R Miles. Our leadership was consolidated in this segment with the new launch of Jet R Extra Miles which was well received by the customers.

### Passenger Car Radial

Riding on premium products, higher brand building efforts and experiential events, JK Tyre is rapidly emerging as the choice of the customer. The new UX Royale series designed to perform at 240 kilometers per hour on select sizes, and the 'Ranger' SUV series, have caught the imagination of the consumer.

Greater availability and better access to 'JK Tyre Steel Wheels' retail outlets (150 across India) have boosted Car Radials sales. The multi brand format 'Preferred Trade Partner' has more than doubled during the year. JK Tyre products are also available at Honda and GM dealerships. JK Tyre's loyalty programme - "JK Tyre Advantage" has emerged as a major tool to engage channel partners.

### LCV/SCV

In the SCV/LCV category, Union stands provide a great platform to connect with the consumers. To improve brand awareness

and develop top-of-the-mind-recall, activations were done at LCV and SCV stands in 35 high potential towns.

JK Tyre is preferred brand in this sector across most regions.

### **Farm**

In the farm category, we created an environment of customer centricity and market access by doing one-to-one contact at kissan melas and village mandis. The brand recall has been leveraged through wide spread advertisements.

India's First Steel Belted Tractor Radial AGRI GOLD – has been rolled out to cater to a large segment of tractor tyres.

### **Off-the-road tyres**

JK Tyre's domestic OTR tyre sales grew by 17% despite the mining industry's contraction of 20% and has emerged as a formidable player. Consistent efforts in Brand building, strategic network expansion and key account management helped in gaining momentum.

It's a matter of satisfaction that even in tough market conditions, JK Tyres has successfully entered into strategic tie-ups with key OEMs in this sector.

JK Tyre also received the 'Silver Level Certification in Supplier Quality Excellence Process' from Caterpillar Inc. This certification was awarded in recognition of our high quality levels, process control and performance.

### **Retread business**

JK Tyre ventured into the tread rubber business in 2009 with the objective to offer a complete package life to the fleet owners/end users by providing original tread design of JK Tyres. JK Treads are sold through a wide network of more than 250 retreaders and dealers across the country. The capacity of JK Treads has been increased multifold over the years.

### **OEMs & Institutional Business**

JK Tyre's partnership with OEMs grew from strength to strength during the year. The Company is proud of its association with leading automotive majors in India and Mexico. The array of JK Tyre customers was further enlarged with commencement of supplies to a yet another leading car manufacturer. Two new cars - Renault Kwid and Maruti S Cross were launched on JK Tyres.

JK Tyres enjoys a preferred supplier status as its commitment extends beyond just tyres, right from the drawing board stage till the vehicle is with the end user. JK Tyres has thus been chosen as the best vendor by Tata Motors, given the 'Quality' award by General Motors and recognised for the special support provided to Maruti Suzuki during the year; JK Tyre has executed the largest requirement ever of truck tyres to

the defence sector. JK Tyre's endeavour will be to exceed the expectations of its valued customers, time and time again.

### **Channel empowerment and engagement**

In an industry first JK Tyre has trained and authorised over 75 Steel Wheel channel partners to inspect car and LCV tyres under warranty. This will facilitate cutting-edge customer service.

ACE Club Annual Business Conference was held abroad which was a highly interactive platform. Steel Wheels dealers were invited to JK Racing events along with family members and their customers. Truck Wheel franchises and leading customers witnessed Season Three of the prestigious T1 Tata Prima Racing championship which was exclusively run on specially developed Truck Radials by JK Tyre.

### **Petroleum Channel**

As a part of its ongoing efforts to widen the dealership network, JK Tyre products are now available at retail fuel outlets of Indian Oil, Hindustan Petroleum and Essar Oil with whom the Company has strategic marketing alliances. This tie-up has enabled a high level penetration in many small and untapped towns.

### **'Serve To Succeed'**

In partnership with an OEM, various initiatives have been taken to set up Tyre Care Education Centers under the aegis of Centers of Excellence for the automobile sectors at various ITIs in association with State Governments.

In line with the philosophy of Customer First, a number of proactive measures in pre and post-sales services were undertaken to create brand differentiation for JK Tyre. With tyre costs being second only to fuel in vehicle operations, proactive tyre care guidance enables end users to derive superior value through enhanced tyre performance. This effort is undertaken at Schools, OEM franchises as well as Defence establishments.

### **Future Perspective**

JK Tyres is a high-recall and trusted brand. This trust has been built over four decades. The country-wide reach through 150 offices, 4,000 dealers, exclusive retail and service outlets - 150 JK Tyre Steel Wheels and 25 JK Tyre Truck Wheels enables easy access to customers. However, the thrust will remain on enriching its product bouquet to meet emerging needs and widening the distribution reach by increasing branded touch points. On the anvil are also plans to leverage opportunities in the scooter and motorcycle segments.

With modern Plants & Equipment and recently increased capacities, JK Tyre is well placed to stride ahead in coming years.

## Exports

The Company's exports encountered headwinds consequent to rising geopolitical disturbances and conflicts in the Middle East, parts of Africa and economic uncertainties across markets in Latin America and Africa. The Company's business in Brazil, one of the largest export markets, was severely impacted due to a declining economy.

With the distinct shift from bias to radial tyres in developing world markets, intense efforts were made to develop new range of radial products to build scale in select potential markets and successful inroads were made in Turkey, Spain, the US, Canada, Australia, Jordan despite severe competition from China and other Asian manufacturers. These efforts made in the year shall pave the way for growth in the coming years.

## Manufacturing Excellence

Continuous improvement in all spheres has been the hallmark of our operations. The recent accolades earned by our plants from world recognised institute, JIPM Japan, conferring JK Tyre, with TPM Consistency Award to our manufacturing facility, are of utmost importance. This goes to show our commitment towards quality consistency and involvement of all employees towards achieving it.

The Company has been committed for the past many years to energy conservation, waste reduction, water conservation and zero effluent discharge. Our efforts are showing some very encouraging results. We, at JK Tyre, are very proud to share that our specific water consumption is at world benchmark levels for similar industries. This year JK Tyre achieved a total energy (GJ/ton) benchmark which stands among top five best companies in the sector world wide, resulting in continuous drop in our carbon foot print year on year. We also became the first tyre company in India to be certified by a third party ( BSI) on our Carbon Foot Print and GHG status with a defined plan for on-going improvement.

While continuously raising the bar ourselves, productivity remains a key challenge for the team.

Year 2015-16 was declared a "Quality Year" and very specific quality initiatives were driven through various activities to achieve improved process and product standards to challenge the industry benchmarks.

## Review of the Financial Performance

The brief summary of the Company's financial performance for the year ended 31st March, 2016 is as under:

Particulars	₹ crores	
	2015-16	2014-15
Turnover	6,579.90	6,799.12
Operating profit (PBIDT)	1,005.75	766.48
Finance costs	229.03	240.80
Profit before tax (PBT)	590.23	377.11
Tax expenses	189.27	123.81
Profit after tax	400.96	253.30

The Company's financial performance improved significantly as a result of better operating parameters, all-round cost reduction and deeper penetration in the markets, apart from input cost stabilisation during the year.

## JK Tornel

JK Tornel (Mexico) recorded a turnover of ₹ 1,104 crores despite a continued slowdown in US and South American markets which impacted sales.

JK Tornel recorded PBT of ₹ 78 crores during the year. As a result of the global financial turbulence, the Mexican currency (Peso) depreciated by 21% against the US Dollar, which impacted profits. The plants in Mexico manufacture 'JK Tyre', 'Vikrant' and 'Tornel' brands of tyres. During the year, JK Tornel has pursued TBR sales aggressively and volumes will be built up in the coming years. PCR capacity expansion has been completed during the year.

## R&D and Technology

Your Company is making continuous efforts in acquisition, development, assimilation and utilisation of technological knowledge through its in-house R&D and technological innovation measures. This helped your Company to create a market backed by innovation, excellence and capability.

JK Tyres introduced the radial technology in India since its inception in the 70s, played a pivotal role in enhancing radialisation in all segments in India which contributed to saving in fuel consumption and thereby foreign exchange outgo. Your Company's in-house R&D has lived up to the expectations of the nation by fostering basic and applied research in the field of elastomers and tyre technology.

This R&D centre is working in the field of advanced materials, new generation of compounds, simulation and predictive techniques, advanced tyre mechanics including tyre characterisation in association with HASETRI, the premier scientific and industrial research organisation in the country.

A vibrant research environment has three active components – generation, dissemination and application of knowledge. For creation of knowledge bank and future market needs, your Company is engaged in collaborative research with institutes of national importance like IIT Madras, IIT Kharagpur, University of Calcutta and R&D teams of international raw material suppliers. One of the largest private sector funded industry-academia R&D projects for automotive sector, the “RPS Centre of Excellence for Tyre and Vehicle Mechanics” at IIT Madras is run by your Company, and successfully operating for over a decade.

The above efforts of your Company have culminated in developing various high performance tyres for new generation vehicles and successfully commercialised truck/bus radials for bad road and load applications.

## Motorsports

JK Tyre continued to lead the cause for the betterment of motorsports in the country over the last year.

JK Tyre Racing Championship (18th year) and JK Tyre National Rotax Karting Championship (12th year) grew in stature and participation. JK Tyre also extended its presence in the North-East with a special focus on Arunachal Pradesh, with a new off-roading initiative, the JK Tyre Orange Festival of Speed, Dambuk in association with Government of Arunachal Pradesh. The fourth edition of Arunachal Festival of Speed, which took place in Dirang, saw some of the top rally drivers from across the country vying for the top spot. The four day-long JK Tyre Himalayan Drive became a part of Biswa Bangla initiative of Government of West Bengal which travelled to Bhutan from Siliguri and attracted participation from adventure enthusiasts and many high-ranking officials in both the countries. JK Tyre partnered with the third season of the Tata Motors ‘T1 Truck Racing’ and reinforced its position as the sole manufacturer of these specialised Truck Radial tyres in India. The Company partnered with Tata Motors for the ‘Geared for Great Challenge’, an endurance test where four cars fitted exclusively with JK Tyre covered 50,000 kilometres each over 18 days non-stop, setting 360 new records.

Another highlight of the year was the ‘JK Tyre Formula Student and Baja Student India 2016’, a unique race car and all-terrain vehicle designing competition, where students - the future engineers - were exposed to the challenges faced by professional formula racing teams. It further underscored JK Tyre’s belief in grass-root level development of young future engineers and supporting future aspiring race drivers.

## Human Resource Development

The Company firmly believes that in the borderless and fast-

changing global business scenario where competition is the order of the day, talented and engaged employees are crucial as they provide the competitive advantage. The Company believes talented personnel are the true differentiators as they provide not only the sustenance but the fuel to grow in the intensely competitive landscape.

As such, we have been continually focusing on improving the capabilities of our people through development initiatives. We have drawn and executed meticulous learning and development initiatives for employees at all levels. These initiatives include competencies based assessments and training programmes for managers as well as skill-based training programmes for shopfloor personnel in our plants. We foster a culture of ongoing coaching and feedback for all employees and on-the-job development is part of the way we work. By well-designed channels of communication such as monthly web cast, town hall meetings we maintain a continuous dialogue with people with a view to gauge their aspirations and ensure retention. A talent pipeline is continuously developed for succession thereby de-risking the business on talent front.

In recognition of our human resources development initiatives, the Company has been bestowed with awards such as National Award for Excellence in Talent Management 2015 by the Delhi Management Association and also the award for ‘Innovative H R Practices’ at the Asia Pacific HRM Congress.

## Risks and Concerns

Every business is marked by a variety of risks. The current economic environment, the inherent complexity in managing manufacturing operations, and the global supply chain have all put more pressure on companies to focus on risk management. Your Company has a well structured framework that identifies and evaluates risks associated with its business performance and undertakes measures to mitigate their impact on the organization. All risks are identified, quantified & prioritized based on probability of occurrence and severity of their consequence both in short term and long term. The risks are monitored periodically and risk mitigating actions are evaluated on basis of Company’s performance on the Key Performance Indicators (KPIs) defined for each risk through a review forum. In nutshell, the Company has identified the following risks:

### Un-certain Global Economic scenario

A weakening of the global economic environment or an increase in geopolitical tensions could result in a deterioration of the market environment and impact Company’s export. To counteract these pressures, the Company identifies markets which are relatively stable and every effort is made to enhance



sales in these markets. It also expands its product range in various segments and deploys new/additional sales & service teams.

The threat of Chinese import is met by developing products to compete with Chinese tyres as well as pursue with Govt. agencies for imposition of Anti Dumping Duty & Safeguard Duty.

### **Raw Materials shortage**

The Company manages the risk of raw material shortage by entering into long term tie ups with major suppliers apart from continuously exploring/developing new alternative sources. It also plans additional stocks for usage during the lean period apart from substitution of materials which are in short supply.

### **Operational risks**

Factory operational risks like Equipment Obsolescence, Power & water shortages can impact production. To mitigate these risks, the Company continuously monitors equipment obsolescence and upgrades equipment from time to time and undertakes preventive maintenance. The Company has also made significant investment in modernization.

In order to overcome any power shortages, the Company has power back ups and has also made arrangements with various power generation companies for power supply. To meet the water arrangements, the Company identifies alternate water sources. In addition, several measures of harvesting of rain water and further reduction in consumption are being pursued rigorously.

### **Erosion in market share**

The Company makes continuous efforts for network expansion, end consumer tie ups and new product launches. In addition, there is strong focus on demand creation, customer retention/growth and brand building activities. Further, the Company actively tracks demand on real time basis through automated real time connectivity with sales and dealer network. It has also launched e-commerce platform to push its sales.

### **Technology risks**

The Company introduces new technology and continuously develops the competitiveness of its existing offering based on future customer needs and market requirements. Technology risk is mitigated through innovation, enhanced speed to market, continuous scan and evaluation for improvement in energy efficiency and productivity, benchmark products with global leaders and timely capacity expansions. Further it continuously upgrades its facilities, skills and infrastructure. There is also extensive usage of available knowledge through international experts/networks.

## **Internal Control Systems**

The Company has, since inception, laid down a system of internal control which is commensurate with the size and nature of the business. Adequate and effective checks are in place to ensure that financial data is accurate and reliable. The internal control systems also ensure that the assets and interest of the Company are well protected.

The internal audit is carried out throughout the year based on a systematic plan covering all functions and aspects of the business. The internal audit reports are reviewed by the senior management and are placed before the audit committee of the Board of Directors along with actions taken. The audit committee undertakes a detailed review of the audit observations and actions, in order to ensure that the internal audit system is effectively functioning. The recommended actions by audit are monitored and improvements are implemented which are regularly reviewed by the senior management.

The IT system of the Company is based on a robust ERP system ensuring seamless connectivity of plants, sales offices and head office facilitating faster and more reliable processing of transactions as well as generating reports for faster decision-making.

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

## **Cautionary Statement**

The management discussion and analysis report contains forward-looking statements, which may be identified by the use of words in that direction, or connoting the same. All statements that address expectations or projections about the future including but not limited to statements 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.

# CORPORATE GOVERNANCE REPORT

## 1. Company's Philosophy on Code of Governance:

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

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

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and commitment to high standard of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain

the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practiced by its entire management cadre.

## 2. Board of Directors:

The Board of Directors consists of Eleven Directors as on 31st March 2016, of which four are Executive Directors and seven are Non-Executive Directors(NED); out of seven NED, six are Independent Directors(IND). Six Board Meetings were held during the twelve months period from 1st April 2015 to 31st March 2016 i.e., on 14th May 2015, 4th August 2015, 12th September 2015, 28th October 2015, 8th February 2016 and 16th March 2016. Attendance and other details as on 31st March 2016 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 held in other companies		
				Directorships \$	Committee Memberships **	Committee Chairmanships **
Dr. Raghupati Singhania, Chairman & Managing Director	Executive	6	Yes	7	4	2
Shri Arvind Singh Mewar Δ	IND	6	Yes	-	-	-
Shri Bakul Jain Δ	IND	4	Yes	4	3	1
Shri Shreekant Somany Δ▲	IND	N.A.	N.A.	6	-	-
Smt. Sunanda Singhania	NED	5	Yes	-	-	-
Shri Vimal Bhandari Δ	IND	5	Yes	7	6	2
Shri Kalpataru Tripathy Δ	IND	6	Yes	-	-	-
Dr. Wolfgang Holzbach Δ	IND	5	No	-	-	-
Shri Bharat Hari Singhania, Managing Director	Executive	6	Yes	4	1	-
Shri Anshuman Singhania, Whole-time Director^	Executive	N.A.	N.A.	-	-	-
Shri Arun K. Bajoria, Director & President - International Operations	Executive	6	Yes	-	-	-
Shri Vikrampati Singhania, Dy. Managing Director#	Executive	4	Yes	N.A.	N.A.	N.A.
Shri S.C. Sethi, Whole-time Director *	Executive	1	N.A.	N.A.	N.A.	N.A.
Shri O.P. Khaitan Δл	IND	4	No	N.A.	N.A.	N.A.

Δ The appointment of Independent Directors is in accordance with the provisions of the Companies Act 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

▲ Shri Shreekant Somany was appointed as an Additional Director in the category of Independent Director for a tenure of five consecutive years w.e.f. 16th March 2016, subject to the approval of shareholders.

^ Shri Anshuman Singhania was appointed as Whole-time Director w.e.f. 16th March 2016, subject to the approval of shareholders.

# Shri Vikrampati Singhania resigned from the Directorship of the Company from the close of business hours on 20th January 2016. Dr. Raghupati Singhania, Shri Bharat Hari Singhania and Shri Vikrampati Singhania are promoters.

\* Shri S.C. Sethi resigned from the Directorship of the Company from the close of business hours on 14th May 2015.

л Shri O.P. Khaitan, Independent Director passed away on 6th December 2015.

\$ Excluding private companies and companies under Section 8 of the Companies Act, 2013. Independent Directorships held by the Directors are in accordance with the Listing Regulations.

\*\* Only covers Memberships/Chairmanships of Audit Committee and Stakeholders Relationship 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 Board is satisfied that plans are in place for orderly succession for appointments to the Board and to senior management.

The Company has a Code of Conduct for Management Cadre Staff (including Executive Directors). In terms of the provisions of Regulation 17(5) of the Listing Regulations 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. 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.

Relationships between Directors inter-se: Dr. Raghupati Singhania and Shri Bharat Hari Singhania are brothers. Smt. Sunanda Singhania is wife of Dr. Raghupati Singhania.

The number of Equity Shares of ₹ 2/- each (i.e. Shares) held by the Non-executive Directors as on 31st March 2016 are: Shri Arvind Singh Mewar - Nil Shares, Shri Bakul Jain - 6,000 Shares, Shri Shreekant Somany - Nil Shares, Smt. Sunanda Singhania - 5,62,500 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.

### 3. Separate Meeting of the Independent Directors:

In accordance with the provision of Schedule IV to the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 8th February 2016. Shri Bakul Jain was unanimously elected as Chairman of the meeting and all the Independent Directors of the Company were present at the said meeting.

### 4. Familiarisation Programme for Independent Directors:

In accordance with the provisions of Regulation 25(7) of the Listing Regulations, the Company has been conducting various familiarisation programmes. The details of such familiarisation programmes for Independent Directors have

been disclosed on the website of the Company, the web link for which is [http://www.jktyre.com/Familiarizatin\\_Prog\\_IND.pdf](http://www.jktyre.com/Familiarizatin_Prog_IND.pdf).

### 5. Performance Evaluation:

The Board of Directors has made formal annual evaluation of its own performance and that of its committees and individual Directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed under Listing Regulations.

Performance of the Board was evaluated after seeking inputs from all the Directors on the basis of the criteria such as adequacy of its composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as composition of committees, terms of reference of committees, effectiveness of the committee meetings, participation of the members of the committee in the meetings, etc.

The Board and the Nomination and Remuneration Committee also carried out evaluation of the performance of individual directors on the basis of criteria such as attendance and effective participation and contributions at the meetings of the Board and its committees, exercise of his/her duties with due & reasonable care, skill and diligence, etc.

In a separate meeting of the Independent Directors of the Company, performance of the non-independent Directors, performance of the Board as a whole and performance of the Chairman & Managing Director were evaluated, taking into account the views of Executive Directors of the Company. The Chairman of the Meeting of the Independent Directors apprised the Board about the evaluation carried by it and that the Independent Directors were fully satisfied in this regard.

### 6. Audit Committee:

The Company has an Audit Committee of Directors since 1986. The composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

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 2016.

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

Date of the meeting	Number of members attended
14th May 2015	4
4th August 2015	4
28th October 2015	3
8th February 2016	3

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

Name	Status	No. of meetings attended
Shri Bakul Jain <sup>^</sup>	Chairman	3
Shri A.S. Mewar	Member	4
Shri Shreekant Somany <sup>◇</sup>	Member	Not Applicable
Shri Arun K. Bajoria <sup>*</sup>	Member	3
Shri O.P. Khaitan <sup>^</sup>	Chairman	3
Shri S.C. Sethi <sup>*</sup>	Member	1

<sup>^</sup> Shri Bakul Jain has been appointed as Chairman of the Committee w.e.f. 8th February 2016 consequent upon demise of Shri O.P. Khaitan, Chairman of the Committee on 6th December 2015.

<sup>\*</sup> Shri Arun K. Bajoria has been nominated as a member of the Committee w.e.f. 14th May 2015, in place of Shri S.C. Sethi who ceased to be a member.

<sup>◇</sup> Shri Shreekant Somany has been nominated as a member of the Committee w.e.f. 16th March 2016.

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

## 7. Stakeholders' Relationship Committee:

The Company has a Stakeholders' Relationship Committee at the Board Level which consists of three Directors out of which two are Non-executive Independent Directors and one is Executive Director. The composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Dates of meetings and number of the Members attended are:

Date of the meeting	Number of members attended
14th May 2015	4
4th August 2015	4
28th October 2015	3
8th February 2016	2

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

Name	Status	No. of meetings attended
Shri Bakul Jain	Chairman	3
Shri Shreekant Somany <sup>◇</sup>	Member	Not Applicable
Shri Arun K. Bajoria <sup>*</sup>	Member	3
Shri O.P. Khaitan <sup>^</sup>	Member	3
Shri Vikrampati Singhania <	Member	3
Shri S.C. Sethi <sup>*</sup>	Member	1

<sup>◇</sup> Shri Shreekant Somany has been nominated as a member of the Committee w.e.f. 16th March 2016.

<sup>\*</sup> Shri Arun K. Bajoria has been nominated as a member of the Committee w.e.f. 14th May 2015, in place of Shri S.C. Sethi who ceased to be a member.

<sup>^</sup> Shri O.P. Khaitan passed away on 6th December 2015.

< Shri Vikrampati Singhania ceased to be a member of the Committee w.e.f. 20th January 2016.

Shri PK Rustagi, Vice President (Legal) & Company Secretary is the Compliance Officer. During the financial year ended 31st March 2016, the Company received two complaints from the investors and the same have since been resolved to the satisfaction of shareholders. Also, there are no complaints pending in respect of previous period.

The Board of Directors constituted a 'Share Transfer Committee' w.e.f. 4th August 2015, to consider and approve transfer of shares and related matters. Before this, such powers were with the Committee of Directors. 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 2016, 7 Meetings of the Committee of Directors and 14 Meetings of the 'Share Transfer Committee' were held.

## 8. Nomination and Remuneration Committee:

The Company has a 'Nomination and Remuneration Committee' comprising of three Directors, all being Non-



executive Independent Directors. The composition and the role of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

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

Date of the meeting	Number of members attended
14th May 2015	3
4th August 2015	2
8th February 2016	2
16th March 2016	2

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

Name	Status	No. of meetings attended
Shri Arvind Singh Mewar <sup>^</sup>	Chairman	4
Shri Vimal Bhandari	Member	3
Shri Kalpataru Tripathy <sup>∞</sup>	Member	Not Applicable
Shri O.P. Khaitan <sup>^</sup>	Chairman	2

<sup>^</sup> Shri Arvind Singh Mewar was appointed as Chairman of the Committee w.e.f. 8th February 2016 in place of Shri O.P. Khaitan who passed away on 6th December 2015.

<sup>∞</sup> Shri Kalpataru Tripathy has been nominated as a Member of the Committee w.e.f. 16th March 2016.

## 9. Nomination and Remuneration Policy:

In accordance with the provisions of the Companies Act 2013 and Listing Regulations, the Company has put in place the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company including criteria for determining qualifications, positive attributes and independence of a Director as well as a policy on Board Diversity. The policy provides as follows:

(i) The Nomination and Remuneration Committee of Directors (the Committee) shall take into consideration the following criteria for recommending to the Board for appointment as a Director of the Company: (a) Qualifications & experience. (b) Positive attributes like -respect for Company's core values, professional integrity, strategic capability with business vision, etc. (c) In case the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as Independent Director as per the applicable laws & regulations. (d) The incumbent should not be disqualified for appointment as Director pursuant to the provisions of the Act or other applicable laws & regulations.

(ii) The Committee will recommend to the Board appropriate

compensation to Executive Directors subject to the provisions of the Act, Listing Regulations and other applicable laws & regulations. The Committee shall periodically review the compensation of such Directors in relation to other comparable companies and other factors, the Committee deems appropriate. Proposed changes, if any, in the compensation of such Directors shall be reviewed by the Committee subject to approval of the Board.

(iii) The Board will review the performance of a Director as per the structure of performance evaluation adopted by the Board for Directors including Executive Directors.

(iv) The Committee will review from time to time Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management in the Company. The Company will keep succession planning and board diversity in mind while recommending any new name of Director for appointment to the Board.

(v) The eligibility criteria for appointment of Key Managerial Personnel (KMPs) and other senior management personnel shall vary for different positions depending upon the job description of the relevant position. In particular, the position of KMPs shall be filled by senior personnel having relevant qualifications and experience. The Compensation structure for KMPs and other senior management personnel shall be as per Company's remuneration structure taking into account factors such as level of experience, qualification and suitability which shall be reasonable and sufficient to attract, retain and motivate them. The remuneration would be linked to appropriate performance benchmarks. The remuneration may consist of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

## 10. 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 2016 to the following Executive Directors is as follows: Dr. Raghupati Singhania, Chairman & Managing Director ₹ 4.36 crores plus ₹ 16.55 crores payable as Commission; Shri Bharat Hari Singhania, Managing Director ₹ 0.28 crore plus ₹ 16.55 crores payable as Commission; Shri Arun K. Bajoria, Director & President - International Operations ₹ 3.06 crores plus ₹ 1.05 crores

payable as Commission; Shri Anshuman Singhania, Whole-time Director ₹ 0.10 crore (from the date of his appointment i.e., 16th March 2016 to 31st March 2016); Shri Vikrampati Singhania, Dy. Managing Director ₹ 1.66 crores (upto 20th January 2016, thereafter he ceased to be Dy. Managing Director) plus ₹ 13.35 crores payable as Commission and Shri S.C. Sethi, Whole-time Director ₹ 0.19 crore (upto 14th May 2015, thereafter he ceased to be Whole-time Director) plus ₹ 0.10 crore payable as Commission.

The Company does not have any Stock Option Scheme. In case of Whole-time Director and Director & President - International Operations, notice period is six months. Severance Fees for the Chairman & Managing Director and the 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 ₹ 0.35 crore to all Non-executive Directors for attending the meetings of the Board and/or Committees thereof. In addition to sitting fees, commission payable to each Non-executive Director (except Shri Shreekant Somany who joined the Board w.e.f. 16th March 2016) is ₹ 0.15 crore and in case of Shri O.P. Khaitan who passed away on 6th December 2015, the commission payable is ₹ 0.11 crore. The commission payable to the Non-executive Directors as above, aggregates to ₹ 1.01 crores.

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.

## 11. General Body Meetings:

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

Financial Year	Location	Date	Time
2012-2013	Shripati Singhania Hall, Rotary Sadan, 94/2, Jawahar Lal Nehru Road (Chowringhee Road), Kolkata – 700 020	14.08.2013	11.00 A.M.
2013-2014	Jaykaygram, PO-Tyre Factory, Kankroli - 313342 (Rajasthan)	25.09.2014	3.00 P.M.
2014-2015	Same as above	22.09.2015	11.30 A.M.

Details of the Special Resolution(SR) passed: Two SRs were passed at the AGM held in the year 2013, four SRs were passed at the AGM held in the year 2014 and three SRs were passed at the AGM held in the year 2015.

No SRs was required to be put through postal ballot during the financial year ended 31st March 2016.

## 12. Disclosure:

- (i) **Related Party Transactions:** Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large: None

Suitable disclosures as required by Accounting Standard(AS-18) – Related Party Transactions have been made in the Annual Report.

All the Related Party Transactions are dealt with in accordance with the provisions of the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

The Company has also formulated a policy on the materiality of Related Party Transactions and also on dealing with Related Party Transactions. This Policy is available on the website of the Company and the weblink for the same is <http://www.jktyre.com/RPolicy.pdf>

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

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

- (iii) **Vigil Mechanism/Whistle Blower Policy:** The Board of Directors of the Company at its meeting held on 12th August 2014 has established a Policy on Vigil Mechanism for the Directors and Employees of the Company to report their genuine concerns or grievances relating to actual or suspected fraud, unethical behaviour, violation of the Company's Code of Conduct or Ethics Policy, and any other event which would adversely affect the interests of the business of the Company. Whistle Blowers may send their concerns/complaints to the Chairman of Audit Committee in a sealed envelope marked confidential, for appropriate action.

The details of establishment of such mechanism has been also disclosed on the website of the Company. It is affirmed that no personnel has been denied access to the Audit Committee.

(iv) **Prevention of Sexual Harassment of Women at Workplace:** Your Company is sensitive to women employees at workplace. As required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has a formal policy to ensure safety of women and prevention of sexual harassment and has set up Internal Complaints Committee (ICC) at its work places to redress the complaints of women employees.

During the year, no complaint has been filed with ICC with allegation of Sexual Harassment.

(v) **Risk Management:** The Company has an elaborate risk management system to inform Board Members about risk assessment and minimization procedures. A Risk Management Committee headed by a Whole-time Director evaluates the efficacy of the framework relating to risk identification and its mitigation. Board Members are accordingly informed.

(vi) **Disclosure of commodity price risks and commodity hedging activities:** As a part of Risk Management mechanism, the Company has identified fluctuations in commodity prices as one of the risks. To mitigate the same, the Company undertakes commodity hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material availability and prices under check.

(vii) **Subsidiary Companies:** The financial statements, in particular, the investments made by unlisted subsidiary companies, if any, are reviewed by the Audit Committee.

The minutes of the Board Meetings of the unlisted subsidiary companies are placed at the Board Meeting of the Company. A statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies, if any, are also placed at the Board Meeting of the Company.

The Company has formulated a Policy for determining material subsidiary. The Policy is available on the website of the Company and the weblink for the same is <http://www.jktyre.com/pdms.pdf>.

During the year, the Company did not have any material subsidiary as defined in Listing Regulations.

### 13. Means of Communication:

Quarterly, half-yearly and annual results are published in leading English Newspapers and also in a Hindi language Newspaper (published from Rajasthan). 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.

Presentations made to institutional investors or to the analysts, if any, are promptly displayed on the website of the Company.

### 14. General Shareholder Information:

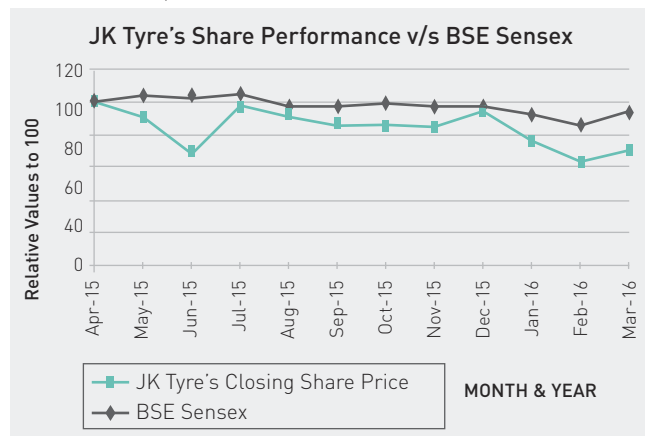
<b>(i) Registered Office</b>	Jaykaygram, PO- Tyre Factory, Kankroli- 313 342 (Rajasthan) Phone No: 02952-302400/330011
<b>(ii) Annual General Meeting (AGM)</b>	
<b>(iii) Financial Calendar (tentative)</b> Financial Reporting: <ul style="list-style-type: none"> <li>■ 1st Quarter ending June 30, 2016</li> <li>■ 2nd Quarter ending September 30, 2016</li> <li>■ 3rd Quarter ending December 31, 2016</li> <li>■ Annual and 4th Quarter ending March 31, 2017</li> <li>■ Annual General Meeting for the financial year 2016-17</li> </ul>	<p>(a) Date, time and venue 2nd September, 2016 at the Registered Office of the Company at 11.30 a.m</p> <p>(b) A brief resume and other particulars of Director(s) seeking appointment or re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.</p> <p>} Within 45 days of the end of the quarter</p> <p>Within 60 days of the end of the 4th quarter</p> <p>Between July and September 2017</p>
<b>(iv) Dividend Payment Date</b>	Within three weeks of conclusion of the AGM

(v) Date of Book Closure	27th August to 2nd September, 2016
(vi) Names and address of Stock Exchanges where equity shares of the Company are listed	The Equity Shares of the Company are listed on the following Stock Exchanges: (i) BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 (ii) National Stock Exchange of India Ltd. (NSE), Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051 The annual listing fee for the financial year 2016-17 has been paid to both the aforesaid Stock Exchanges. The securities of the Company are not suspended from trading.
(vii) Security Code for Company's Equity Shares on Stock Exchanges and ISIN	BSE - 530007 NSE - JKTYRE ISIN - INE573A01042

(viii) Stock Market Price Data

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April-2015	133.65	102.85	133.50	102.70
May-2015	127.75	106.00	127.80	106.00
June-2015	111.10	78.25	110.90	78.20
July-2015	116.80	81.30	116.80	81.20
August-2015	128.10	95.50	128.00	94.20
September-2015	111.10	96.10	111.15	96.00
October-2015	110.00	100.80	110.00	100.80
November-2015	101.80	89.05	101.55	88.80
December-2015	114.50	100.55	114.65	100.50
January-2016	118.50	84.05	118.45	83.90
February-2016	92.90	74.05	92.40	73.80
March-2016	86.25	74.55	86.30	74.60

JK Tyre & Industries Ltd's (JK Tyre's) Share Performance v/s BSE Sensex (April 2015 – March 2016)



(ix) Distribution of shareholding (as on 31.3.2016)

No. of equity shares held (of ₹ 2 each)	No. of shares		Shareholders	
	Number	% of total	Number	% of total
1-250	6677569	2.94	74350	72.59
251-500	5550685	2.45	14102	13.77
501-1000	5802684	2.56	7273	7.10
1001-5000	11983372	5.28	5488	5.36
5001-10000	4243268	1.87	569	0.55
10001 and above	192555902	84.90	647	0.63
<b>Total</b>	<b>226813480</b>	<b>100.00</b>	<b>102429</b>	<b>100.00</b>

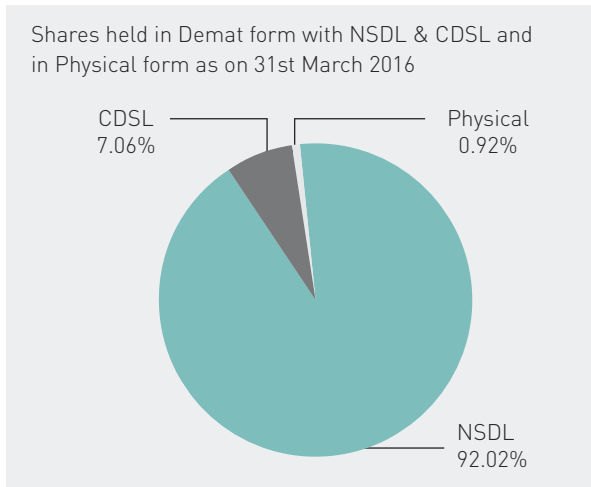


**(x) Share Transfer System**

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 held in dematerialized 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 2016, 99.08% of the Equity Shares are held in dematerialized form.

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

**(xiii) Commodity price risk or foreign Exchange risk and hedging activities:**

During the financial year ended 31st March 2016, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The Company

enters into forward contracts for hedging foreign exchange exposures against imports and exports.

**(xiv) Plant locations**

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

**(xv) 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: investorjktyre@jkm.com  
Website: www.jktyre.com
2. Registrar & Share Transfer Agent  
Alankit Assignments Ltd.  
Alankit Heights, 1E/13, Jhandewalan Extension,  
New Delhi-110 055 (India)  
Phone No.:91-11-42541234; 91-11-23541234  
Fax No.: 91-11-41543474  
Contact Person: Shri J.K. Singla  
Email: rta@alankit.com  
Website: www.alankit.com

**(xvi)** This Corporate Governance Report of the Company for the financial year ended 31st March 2016 are in compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges and also with the Listing Regulations, as applicable.

**(xvii)** Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations- (a) The Board: The Chairman of the Company is Executive; (b) Shareholder Rights: Half-yearly and other quarterly financial statements are published in newspapers and uploaded on Company's website www.jktyre.com. At present, the half yearly financial performance and the summary of the significant events in last six months are not sent to each household of shareholders; (c) Modified opinion(s) in audit report: The Company already has a

regime of un-qualified financial statements. Auditors have raised no qualification on the financial statements; (d) Separate posts of Chairperson and CEO: Dr. Raghupati Singhania is the Chairman & Managing Director of the Company; and (e) Reporting of Internal Auditor: The Head of Internal Audit of the Company administratively reports to the President-India Operations. However, his Internal Audit Reports are placed before the Audit Committee.

**(xviii)** The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

**(xix) Bankers:**

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

**(xx) Information in terms of Schedule V(F) of the Listing Regulations:**

a) As on 1st April 2015, the Company had 3,66,535 Equity Shares, which were unclaimed by 1,497 Equity Shareholders. These were lying in dematerialized mode in the suspense account. Out of the above the Company received 5 requests for 1,420 Equity Shares for despatch, during the year. These have since been despatched. As on 31st March 2016, the Company has 3,65,115 Equity Shares which remain unclaimed by 1,492 Equity Shareholders.

b) During the year, the Company has also transferred 2,18,850 Equity Shares remaining unclaimed by 905 Equity Shareholders.

Accordingly, as on 31st March 2016, the total number of Equity Shares lying unclaimed in the suspense account are 5,83,965 Equity Shares of ₹ 2/- each, unclaimed by 2,397 Equity Shareholders.

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares. 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.

**15. 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 2016.

**Dr. Raghupati Singhania**  
Chairman & Managing Director

**16. Auditor's Compliance Certificate on Corporate Governance:**

To  
The Members of JK Tyre & Industries Ltd.

We have examined the compliance of regulations of Corporate Governance by JK Tyre & Industries Ltd. ("Company") for the financial year ended 31st March 2016, as stipulated in regulations Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of regulations of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring 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 regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

For LODHA & CO.  
Chartered Accountants

**(N.K. Lodha)**  
Partner

Place: New Delhi  
Date: 16<sup>th</sup> May 2016

Firm Registration No.:301051E  
Membership No.85155

Corporate social responsibility

At JK Tyre, we believe that enduring success is accomplished when we extend our corporate prosperity for **community benefit**



**A**t JK Tyre, we take our responsibility towards society with a deep sense of commitment and passion. We are committed to improve the quality of life of the communities around our plant locations and communities at large through various need-based CSR initiatives in the areas of education, healthcare, livelihood enhancement and the environment. Our CSR projects are replicable, scalable and sustainable, with a significant multiplier impact on sustainable livelihood creation for local residents and environmental replenishment. In that sense, our CSR actions are as strategic as our business processes.

### Education for empowerment

We believe that education has a major role in enhancing the quality of life of rural communities around our plants. We support the cause of education from primary to tertiary, including vocational education and adult literacy. Our adult literacy programmes benefited 7,565 rural women, making them functionally literate. Our adult literacy program did not stop with rural communities; we conducted an adult literacy program at Central Prison, Mysuru, a unique initiative to help 672 prison

inmates become literate.

In line with the national emphasis on skill development, JK Tyre adopted three Government ITIs to impart job-oriented quality vocational education. More than 400 local youths benefited from during 2015-16 leading to enhanced employability.

We supported various schools to improve academic standards and conducted remedial classes for weak students from marginalised sections.

Lakshmi Pat Singhania Senior Secondary School at Jaykaygram, Rajasthan, and JK Lakshmi Pat University, Jaipur, showcase the company's educational commitment.

### Health care

Health care has been a priority across all JK Tyre plants in remote rural areas where adequate services are not available. Health camps and eye camps are conducted periodically to provide local communities superior access to quality health care.

The 'Parivartan' project for improvement in Reproductive and Child Health Care benefited

more than 200,000 patients from 60 villages of Rajsamand district (Rajasthan), reducing maternal and infant mortality rates.

JK Tyre is engaged in enhancing HIV/ AIDS awareness and prevention programmes. There are ten clinics running for transport community at high-risk HIV/ AIDS locations with the help of TCI Foundation and partner NGO – Vatsalya. This initiative benefited more than 50,000 people in 2015-16. The company also supported people living with HIV/ AIDS in Rajsamand district to comply with regular medication and also linked HIV patients with government programs so they may live with dignity and improve their life quality.

Pushpawati Singhania Research Institute for Liver, Renal and Digestive Diseases, New Delhi is a super speciality hospital co-promoted by JK Tyre for public well-being with a no profit-no loss philosophy.

JK Tyre made clean drinking water available in villages proximate to its plant locations through water huts and water tankers. Three reverse osmosis plants were installed in Sriperumbudur area to provide safe



drinking water. Under Swachh Bharat Abhiyan, we renovated school toilets and also constructed two public toilets.

### Livelihood enhancement

Due to the use of traditional agriculture, farmer's incomes are declining. To address this reality, the company implements various location-specific, skill-enhancing programs to introduce them to new farming technologies and appropriate seeds/ fertilisers/ pesticides so that they may derive superior farm productivity. The company is also implementing cattle breed improvement through artificial insemination services provided at the farmers' doorsteps. The company provided training in mobile repair, beauty care and tailoring to enhance employability and develop entrepreneurship among rural unemployed youths.

### Environment

In addition to water conservation initiatives at the manufacturing plants, the company initiated various 'beyond the fence' water conservation initiatives to assist proximate local communities in conserving and efficiently utilizing water. The various activities like

field bunding, trenching, farm pond construction/ deepening etc. were implemented to conserve water. People were made aware about efficient water utilization through the adoption of improved agricultural practices.

During the year under review, more than 10,000 trees were planted in and around JK Tyre manufacturing facilities. Green patches were maintained for the benefit of the general public at traffic circles, roads, gardens and crematoria.

### Road safety

'Speed thrills but kills' is a phrase often used. To create awareness and spread consciousness about the importance of road safety, key stakeholders were identified and specialised programs devised to enhance related awareness:

- Road safety program for school children
- Road Safety Program for the transporter community
- Road Safety Program for the general public

These road safety awareness programs were implemented in collaboration with the local traffic police departments.

### Sport

JK Tyre supports popular local sports like wrestling, volleyball, kabaddi and cricket, etc. This structured program comprises the identification and encouragement of talent. Since infrastructure is critical, a state-level JK Stadium was constructed in Kankroli (Rajasthan) where local youths avail world-class facilities to prepare for national/ state-level competitions.

### Disaster relief

In addition to structured CSR initiatives, JK Tyre responded to natural calamities/ disasters. JK Tyre and employees contributed significantly to the CM Relief Fund during the Chennai floods. In the past, JK Tyre extended a helping hand during the Uttarakhand floods, J&K floods, etc.

### Awards and accolades

JK Tyre was recognised at various forums through prestigious awards. Recently, the company was awarded the Genentech CSR Award in Gold category for the implementation of exemplary CSR initiatives.



# Sustainability

**W**e at JK Tyre have always believed that, progress needs to extend beyond the corporate premises, to the communities in its hinterland. In view of this, it has played the role of responsible community-builder in the locations of its presence ever since it went into business. It has always believed and maintained reverence to all stakeholders – customers, employees, suppliers and society at large.

JK Tyre's community responsibility ethos harks back to the words of a visionary and key architect of J.K. Organisation, Late Lala Lakshmiapat Singhania, who emphasised: "We seek a society which is proud of its past, conscious of the present and full of hope for the future – a society, where every citizen would be equally conscious of its rights and responsibilities".

Energy efficiency and conservation is hallmark of

JK Tyre and today we are amongst few in the world to have lowest energy consumption which has become industry benchmark. This not only has improved business performance but has also brought in cultural change, supporting worldwide movement of conserving valuable and depleting natural resources – ensuring a better planet for our future generations.

Dr. Raghupati Singhania,  
Chairman & Managing Director



Dr. Raghupati Singhania & Arun K. Bajoria visit Central Prison, Mysuru, interacting with the jail inmates. Adult literacy programme at Central Jail - a unique initiative that helped 672 prison inmates to become literate.

## Management's approach to sustainability



K Tyre (JK Tyre & Industries Ltd.) is the flagship company of JK Organisation.

JK Tyre presently has 12 manufacturing plants across the world, nine in India and three in Mexico with total capacity of 34.7 million tyres per annum.

JK Tyre is among the top-three tyre manufacturing companies in India. JK Tyre is technically self-reliant and exports products to more than 100 countries across six continents.

We have always been conscious of our commitment towards our customers, environment, employees and society at large.

The Company has consciously endeavoured to maintain quality excellence, leverage best-in-class technology and commission state-of-the-art manufacturing facilities resulting in enhanced shareholder value.

## Manufacturing excellence

	Certifications	India				Mexico
		Mysuru (VTP)	Kankroli (KTP)	Banmore (BTP)	Chennai (CPT)	Tornel, Mexico
1	ISO 9001:2008/ TS 16949: 2009 QMS (Quality Management)	☑	☑	☑	☑	☑
2	ISO 14001: 2004 EMS (Environment Management)	☑	☑	☑	☑	☑
3	OHSAS 18001:2007 (Occupational Health & Safety Management)	☑	☑	☑	☑	☑
4	ISO 50001:2011 EMS (Energy Management)	☑	☑	☑	☑	-
5	SA 8000 : 2008 (Social Accountability)	☑	☑	☑	☑	-
6	ISO 27001:2013 (Information Security Management)	☑	☑	☑	☑	-
7	NABL Accreditation – ISO/IEC 17025:2005	☑	☑	☑	☑	-
8	TPM Certification (Excellence) JIPM, Japan (2010)	☑	☑	☑	-	-
9	CII Sohrabji Godrej Green Business Centre – Green Co Rating*	☑	☑	-	☑	-
10	TPM Certification (Consistency) JIPM, Japan (2015)	☑	-	-	-	-

\* First tyre company to receive this accreditation in India

### Benefits accrued

The implementation of TPM at the Company's plants not only helped improve business performance but also enriched the organisation's culture.

### Energy conservation

#### Concept of energy conservation:

Energy conservation has been a way of life at the Company for several years and it is JK Tyre's endeavour to

consistently improve performance.

Key areas of intervention included the installation of waste heat recovery machines, variable frequency drives, efficient load distribution system, better insulation, conversion of oil-fired boilers, installation of energy-efficient compressors, counter-flow cooling towers, replacement of inefficient steam traps, rainwater harvesting and water recycling. All these actions were taken based on relevant energy

audits conducted by external experts.

**The result:** the Company achieved a total energy bench mark of 10.9 gigajoules per tonne in 2015-16, among the five best in the sector worldwide. JK Tyre's commitment to constant improvement will ensure that more milestones are crossed.

We also started monitoring our carbon footprint, becoming the first tyre company in India to implement

a certified Carbon Footprint Verification process as per ISO14064-1:2006 standards set down by the British Standard Institute. We committed ourselves to improve greenhouse gas emissions year-on-year to provide a safer world to succeeding generations.

Our first solar rooftop power plant became operational in 2015-16 with

a capacity of 0.5 megawatts used for captive consumption. A back pressure turbine was replaced at the pressure reducing station for meeting process needs and generating power as a byproduct. Our efforts in bringing renewable power started yielding results; we started generating solar/wind power at two plants. New solar plants are expected to go on stream in Chennai and Rajasthan.

## GHG Emission – Tonnes of CO<sup>2</sup> equivalent

GHG Emission	2013-14	2014-15*	2015-16*
Scope 1	307,947	286,097	271,792
Scope 2	178,471	179,686	170,701
CO <sup>2</sup> emitted in tonnes per tonne of tyre manufactured	1.89	1.69	1.60

\* Internal assessment data

\* 2013-14 data verified by BSI as per 14064-1:2006 norms, 2014-15 and 2015-16 under verification

### Focus on customers

We believe in the 'Customer is king' mantra, the JK Tyre team is committed to service them 24x7. To reinforce customer relationship, we organised plant visits to demonstrate our quality and process commitment.

Automotive tyres/tubes are critical from a safety perspective. Guided by this principle, the Company implemented seamless checks and balances at macro and micro levels to ensure that the Company's products were technically superior and delivered optimal customer value.

The Company addressed all requirements set down by Bureau of Indian Standards and those set down by the regulatory bodies in the countries where the Company's products are exported. All tyres/tubes (tyre) manufactured by our Company displayed key safety warnings – the air pressure levels that need to be maintained, precautions that need to be undertaken while mounting, tread wear indicators, tyre type (tube or tubeless), among others. The tyres also had BIS markings, which signify that they met specified quality standards. The Company laid out redressal procedures to register

customer complaints (OEM and retail) and ensure that they were attended to. The technical service department was equipped with technically qualified personnel and cutting-edge equipment.

The Company took effective steps to dispose used tyres. Extensive research has been carried out for recovering inputs from used tyres. It undertook initiatives to provide quality retreading for used tyres to increase longevity. The Company's retreading punch line 'Dobara Jaan Dal De' caught customer attention.

The Company promoted the concept of using tyres for developing shoe soles in association with Footwear Design and Development Institute (under the aegis of Ministry of Commerce and Industry, Government of India). This breakthrough initiative for using used tyres was showcased as Soles with Souls.

### Safety, health and environment

Providing a healthy and safe environment is our priority. Our plants are certified with OHSAS 18001:2007 and ISO 14001:2004 accreditations. To strengthen our

Automotive tyres/tubes are critical from a safety perspective. Guided by this principle, the Company implemented seamless checks and balances at macro and micro levels

SHE system and achieve zero incidents across plants, we identified projects like LOTO (lock out tag out), JSA (job safety analysis), inter-plant safety and thematic monthly audit systems.

Owing to these safety standards, the number of accidents, during the year, have been minimal, i.e. 39 Nos.

across the plants, with two of our plants reporting Nil accident.

From an environmental standpoint, the following approaches were undertaken:

- Emissions to air;
- Releases to water;
- Releases to land;

- Use of raw materials and natural resources;
- Use of energy;
- Energy emitted, eg. heat, radiation, vibration;
- Waste and byproducts, and
- Physical attributes, eg. size, shape, colour and appearance.

## Safety measures undertaken

Safety measures	India				Mexico
	Mysuru (VTP)	Kankroli (KTP)	Banmore (BTP)	Chennai (CPT)	Tornel, Mexico
Safety oath taking / safety pep talk before start of the shift	☑	☑	☑	☑	☑
Well-defined SHE policy	☑	☑	☑	☑	☑
Formation of department-wise safety teams and weekly safety team review	☑	☑	☑	☑	☑
Work permit system for high-risk areas	☑	☑	☑	☑	☑
Safety induction training for new joiners	☑	☑	☑	☑	☑
Safety training and refresher training	☑	☑	☑	☑	☑
Monthly safety theme audit	☑	☑	☑	☑	☑
Safety performance audit	☑	☑	☑	☑	☑
Contractor safety management	☑	☑	☑	☑	☑
Regular inspection	☑	☑	☑	☑	☑
Installation of fall protection system	☑	☑	☑	☑	☑
Statutory inspection by qualified personnel	☑	☑	☑	☑	☑
PPE compliance	☑	☑	☑	☑	☑

## Green initiatives

One of the mission statements of JK Tyre is to 'Be a Green Company'. In line with this, JK Tyre established the following protocol:

- To evaluate environment performance and usher continuous ecological improvement

- To include best-in-class eco-friendly manufacturing techniques
- To make our business more efficient and profitable
- To remain prepared to meet future marketplace challenges
- To become the most competitive player in the market

- To build considerable consumer support and goodwill

JK Tyre formulated a 'Mission statement on Sustainable Growth', 'Energy Policy', 'Renewable Energy, Resource and Water Policy' and 'Green House Gas Policy'.





### Sub : Mission Statement on Sustainable Growth

Being cognizant of the need of sustainable growth and dwindling stock of natural capital, we commit ourselves to the attainment of the following Ten - Natural Capital Commandments.

1. Reduce specific consumption of energy and water by 2-5%every year over next ten years.
2. Reduce specific generation of waste and reduce the quantum of waste going to land fills by 2-5%every year over next ten years.
3. Increase use of renewable, including renewable energy by 2-5%every year in place of non-renewable over next ten years.
4. Reduce specific green house gas emissions and other process emissions by 2-5%every year over next ten years and explore opportunities through Clean Development Mechanism (CDM) & other carbon Exchange Programs.
5. Increase use of recyclables and enhance recyclables of resources embedded in the product by 2-5%every year over next ten years.
6. Increase the share of harvested rainwater in the overall annual use of water by 2-5%every year over next ten years.
7. Incorporate life cycle assessment criteria for evaluating new and alternative technologies & products.
8. Strive to adopt green purchase policy and incorporate latest clean technologies.
9. Take lead in promoting and managing product stewardship program, by forging partnerships with businesses and communities.
- 10.Reduce depletion of natural capital, which is directly attributable to company's activities, products and services by 2-5%every year over next ten years.

We also commit to demonstrate attainment of these commandments in our pursuit to certifications such as TS16949, ISO 9001, ISO 14001, OHSAS 18001, SA-8000, ISO-50001, ISO-27001, Green Buildings, Eco Labels Sustainability reporting and the like.

Date: 01.06.2013

Signature :   
Name : Arun K. Bajoria  
President & Director

## ENERGY POLICY

We at JK Tyre are committed to design, manufacture and distribute our products and services in an energy efficient manner to meet our mission statement of becoming a **green company**. We will continually improve our energy performance for sustainable growth by:

- Complying with all applicable legal and other requirements related to our energy use, consumption and efficiency.
- Taking measures in Energy Management System by being proactive, innovative and cost effective including procurement of energy efficient products & services.
- Enhancing the effectiveness of Energy Management System by ensuring the availability of information and necessary resources to achieve the objectives and targets.
- Integration the Energy Policy into our business planning, decision making and performance review at appropriate levels.

We commit to communicate this policy to all our employees, persons working for and on our behalf and also will make it available to all interested parties on request.



### Renewable Energy , Resource and Water Policy

We at JK Tyres are committed to :

A) Conserve and ascertaining Clean Energy through

- Enhancing Energy Efficiency
- Increase part of Renewable Energy.

B) Conserve Natural Resources &Water through

- Enhancing Utility Efficiency
- Increase Recycling & Minimize waste

We will achieve these objectives by adopting

- Use of Technology innovation
- Periodic Reviews
- Skill Up Gradation
- Employee Involvement and
- Community Involvement

We will continuously Benchmark to Reduce Resource Consumption and become Water Positive. Also We will increase share of Renewable energy in Our Total Energy Requirements and will continuously effort for Conservation of Energy.

Date: 01.06.2013

Signature :   
Name : Arun K. Bajoria  
President & Director

## GREEN HOUSE GAS (GHG) POLICY

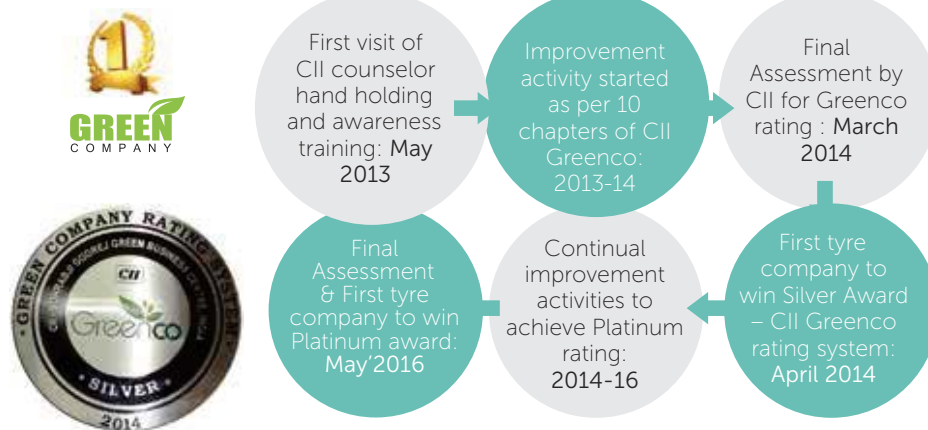
We at JK Tyre are committed to design, manufacture and distribute our products and services in a manner that will be green and believe in quantification of greenhouse gas emissions by value addition processes as a first step in reducing these emissions in a systematic manner by following means:

- Ensure conformance with ISO 14064- 1: 2006 international standard
- Ensuring that this information would facilitate the preparation of GHG reports which will remain Relevant, Complete, Consistent, Transparent and Accurate.
- Ensuring availability of resources to enhance GHG performance and build a suitable corporate culture.
- Aligning employee competencies to needs of this system and,
- Creating a continual improvement mindset in respect of GHG performance within the organization.

President & Director



## Way forward for Green Co Rating System



### Training & development

The Company firmly believes that in the borderless and fast changing global business scenario where competition is the order of the day, the talented and engaged employees are crucial as they provide the competitive advantage. The Company believes excellent people are true differentiators as they provide not only the sustenance but fuel growth in the intensified spiral of competition.

HR work systems are designed to enable and motivate employees to contribute effectively and to enhance their capabilities. These systems are intended to foster higher performance, individual and organizational learning, and facilitate

change. HR strategies and work systems are reviewed periodically in HR and HRM meetings and are revised based on feedback and current requirements, e.g.–Change in GET Training Scheme

The Company has in place for a very long time a “Code of Corporate Ethics and Conduct” clearly laying down the core values and corporate ethics to be practiced by the entire management cadre. The core values are: commitment to excellence and customer satisfaction, maximising long term shareholders’ value, socially valued enterprise and caring for people and environment.

All employees are treated equally - regardless of nationality, caste, religion, colour or sex. The

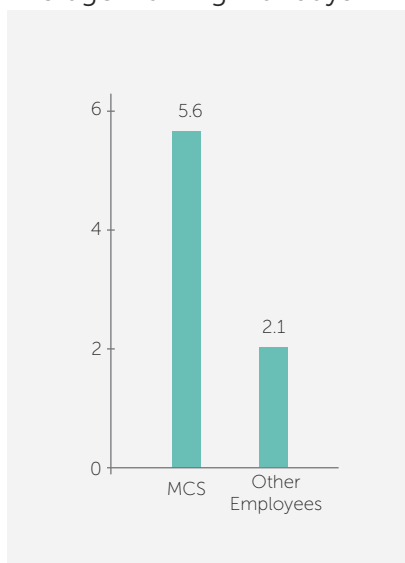
Company has a policy of not engaging child labour.

The Company also has a policy and has set-up an ‘Internal Compliance Committee’ to redress the complaints of women employees to ensure safety of women and prevention of sexual harassment. During the financial year ended 31st March 2016, the Company has not received any complaint of sexual harassment.

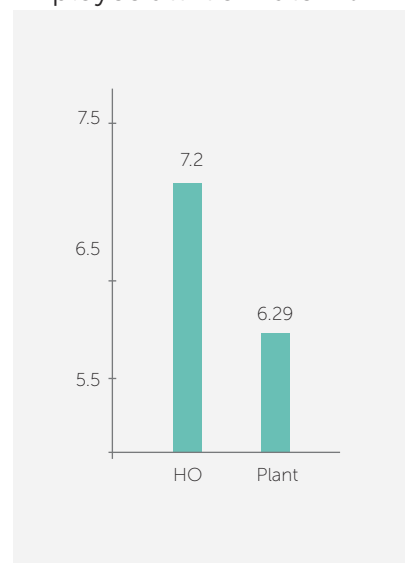
### Employee performance management system

To inculcate culture of higher performance in the organization a robust performance appraisal system is followed throughout the organization.

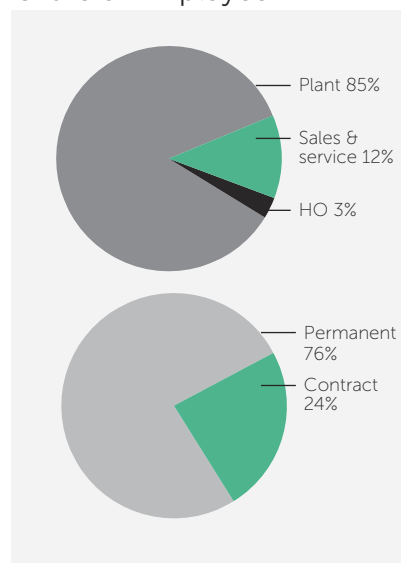
### Average Training Mandays



### Employee attrition rate : %



### Share of Employee



## CORPORATE SOCIAL RESPONSIBILITY

Since inception, addressing social ills has been a mantra in the Company. Various social welfare institutions were commissioned throughout India validating the philosophy of the founding fathers.

### Livelihoods

In rural areas, agriculture and livestock are the major sources of livelihood. Due to an overt reliance on traditional methods of agriculture, the overall incomes of farmers have plateaued. The Company implemented location-specific skill-enhancing initiatives to empower farmers to adopt the latest agricultural technologies, access high-yielding seeds, fertilisers, pesticides and generate higher returns from every acre. Similarly, we implemented new-age cattle breeding techniques, providing artificial insemination services at farmer doorsteps. We conducted training for rural youth in alternative employment avenues like mobile repairing, beautician and tailoring.

### Education

Education has always been a primary focus areas at JK Tyre. We support

the cause of education (primary to tertiary including vocational education and adult literacy). Adult literacy initiatives were undertaken at all manufacturing locations for more than a decade; this initiative allowed 7,565 rural women to become literate. The adult literacy programme at Central Jail Mysuru was a unique initiative that helped 672 prison inmates become literate.

JK Tyre adopted three ITIs to impart job-oriented vocational education to local students. More than 400 individuals benefited in FY2015-16. This engagement enhanced the reputation of ITIs and enhanced employability.

Lakshmi Pat Singhania Senior Secondary School at Jaykaygram (Rajasthan) and JK Lakshmi Pat University (Jaipur) showcase our educational commitment.

### Healthcare

Healthcare has been a priority especially because a few of JK Tyre's plants are located in remote rural areas, where adequate medical services are not available. Routine health camps and eye camps

were conducted to provide local communities with enhanced access to quality healthcare.

The Parivartan project was undertaken to improve reproductive and neonatal healthcare, benefiting more than 200,000 patients from 60 villages of Rajsamand district (Rajasthan). The project helped moderate maternal and infant mortality rates.

JK Tyre engaged in HIV/AIDS awareness generation and disease prevention. The Company launched ten clinics to aid the transport community at a high risk of contracting HIV/ AIDS. With the help of TCI Foundation and partner NGO Vatsalya, the initiative benefited more than 50,000 people during FY2015-16. In Rajsamand district, the Company provided PLHIVs access to medication and linked them to governmental agencies for support.

Pushpawati Singhania Research Institute for Liver, Renal and Digestive Diseases, New Delhi, is a super-specialty hospital co-promoted by JK Tyre. The hospital runs on a no-profit no-loss philosophy.



Since year 2004, adult literacy initiative has been taken up as JK Group Initiative. 7,565 women made literate this year. Total so far >40,000



Livelihood and water conservation based initiatives. Planning process involved; Need assessment Survey

- Participatory Rural Appraisal
- Finalisation of activities in due consultation with local communities





Road safety: Street play at Delhi. Our Footprint • 5,037 drivers/transporters trained • 2,600 School children in Delhi • ~10,000 people made aware



JK Tyre runs a project (in association with NGO) to create awareness among truck drivers and helpers of preventive measures against HIV/AIDS.



JK Tyre organized flood relief camps in Chennai, Uttarakhand and Kashmir



Adult literacy initiatives were undertaken at all manufacturing locations for more than a decade; this initiative allowed 7,565 rural women to become literate.

Potable water was made available in villages in the vicinity of all our manufacturing plants through water huts and tankers. Three RO plants were installed in Sriperumbudur to provide safe drinking water. Under the Swachh Bharat Abhiyan, we renovated school toilets and constructed two public toilets.

### Environment

We initiated various 'beyond the fence' water conservation initiatives through the adoption of a watershed management approach. Various activities like field bunding, trenching, pond deepening, among others, were implemented to conserve and efficiently utilise water. During the year, more than 10,000 trees were planted in and around JK Tyre manufacturing facilities.

Green patches were maintained at traffic circles, roads, gardens and crematoriums, among others.

### Road safety

To enhance awareness about the importance of road safety, key stakeholders were identified and specialised programmes devised for schoolchildren, members of the transport community and public. The road safety awareness programmes were implemented in collaboration with local traffic police departments.

### Sports

JK Tyre supported popular local sports like wrestling, volleyball, kabaddi and cricket, among others. The structured programme identified and encouraged talented individuals.

A stadium was developed at Kankroli (Rajasthan) to organise district and state-level tournaments and provide local youth with world-class facilities.

### Disaster relief

JK Tyre responded proactively to natural calamities. The Company's employees contributed significantly to the Chief Minister's Relief Fund during the Chennai floods (assisting victims of the Uttarakhand and Jammu and Kashmir floods in the past).

### Awards and accolades

The Company's CSR efforts were recognised at various forums with prestigious awards like Greentech CSR Award (Gold category).



# Independent Auditor's Report

To the Members of  
**JK Tyre & Industries Limited**

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of JK TYRE & INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on

Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we give in the Annexure 'A' a statement on the matters specified in the paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) As required by section 143(3)(i) of the Companies Act, 2013, and based on the checking of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, our report on the Internal Financial Controls over Financial Reporting is as per Annexure 'B'.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer Note no. 32 & 38 to the financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any; on long term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For LODHA & CO.,**  
Chartered Accountants  
Firm's Registration No. 301051E

**(N. K. LODHA)**  
Partner

New Delhi, the 16th May, 2016

Membership No. 85155

## Annexure - A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the Standalone Financial Statements of JK Tyre & Industries Limited for the year ended 31st March, 2016

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, title deeds of immovable properties are in the name of the Company.
2. The inventories of the Company (except stock lying with the third parties and in transit, for which confirmations have been received / materials received) have been physically verified by the management at reasonable intervals and the procedures of physical verification of inventory followed by the Management are reasonable in relation to the size of the Company and nature of its business. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. According to the records and information and explanations made available to us, the Company has not granted any loans, secured or unsecured to companies, firms, LLP and other parties covered in the register maintained under section 189 of the Companies Act, 2013. However, outstanding year-end balance of deferred receivable from a company is ₹84.86 crores relating to previous year transaction and:
  - (a) Terms and conditions of such transaction are not prejudicial to the interest of the Company.
  - (b) In respect of aforesaid receivable, receipts of principal as well as interest accrued thereon are as per stipulated terms and conditions.
  - (c) There is no overdue amount in respect of principal and interest.
4. According to the information, explanations and representations provided by the Management and based upon audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the Company has complied with the provisions of the Section 185 and 186 of the Companies Act, 2013.
5. 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 Section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under with regard to deposits accepted from the public. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in this regard.
6. 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 148(1) 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.
7. (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, 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 become payable as at 31st March, 2016.  
(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of income tax, sales tax, service tax, excise duty, value added tax, entry tax, cess and custom duty that have not been deposited with the appropriate authority on account of dispute and the forum where the dispute is pending are given below:-

Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (₹ in lacs)
Sales Tax Act	Sales Tax/VAT	Additional Commissioner (Appeals)	8.13
		Deputy Commissioner / Deputy Commissioner (Appeals)	22.47
		Revision Board	14.57
		Joint Commissioner	0.96
		Tribunal	46.89
		High Court	1.80
Central Excise Act	Excise Duty	Appellate Tribunal	3.41
		Commissioner-Appeals	89.41
		Additional Commissioner	79.25
		Additional Superintendent	0.47
		CESTAT	312.57
		Assistant Commissioner / Deputy Commissioner	2.54
Custom Act	Custom Duty	High Court	0.49
		Supreme Court	241.15
Finance Act	Service Tax	High Court	1,558.33
		Assistant Commissioner	104.32
Madhya Pradesh Entry Tax Act, 1976	Entry Tax	CESTAT	4.12
The Rajasthan Tax on Entry of Goods into Local Area Act, 1999	Entry Tax	Commissioner	139.51
		High Court	168.79

8. 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 loans and borrowings to financial institutions, banks, government (both State and Central). The Company did not have any outstanding debentures during the year.
9. On the basis of information and explanations given to us, term loans have been applied for the purposes for which they were obtained, other than temporarily parked in Fixed Deposits with Bank, pending utilization. The Company did not raise any money by way of initial / further public offer.
10. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of the audit.
11. On the basis of records and information and explanations made available and based on our examination of the records of the Company, the Company has paid / provided managerial remuneration, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act (Note No. 49(II)).
12. The Company is not a chit fund or a nidhi / mutual benefit fund / society, therefore, the provisions of clause 4 (xii) of the said Order are not applicable to the Company, hence we are not offering any comment.
13. As per the information and explanations and records made available by the management of the Company and audit procedure performed, for the related parties transactions entered during the year, the Company has complied with the provisions of Section 177 and 188 of the Act, where applicable. As explained and as per records / details, the related parties transactions have been disclosed as per the applicable Accounting Standards.
14. According to the information and explanations given to us, the Company has not made any preferential allotment of shares or fully / partly convertible debentures during the year in terms of provisions of Section 42 of the Act.
15. On the basis of records made available to us and according to information and explanations given to us, the Company has not entered into non-cash transactions with the directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, as the provision of section is not applicable to the Company.

**For LODHA & CO.,**  
Chartered Accountants  
Firm's Registration No. 301051E

**(N. K. LODHA)**  
Partner

New Delhi, the 16th May, 2016

Membership No. 85155



## Annexure - B to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of JK TYRE & INDUSTRIES LIMITED ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI, deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls

operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the

internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For LODHA & CO.,**  
Chartered Accountants  
Firm's Registration No. 301051E

**(N. K. LODHA)**  
Partner

New Delhi, the 16th May, 2016

Membership No. 85155

# JK Tyre & Industries Limited

## Balance Sheet As at 31st March, 2016

₹ in Crores (10 Million)

	Note No.	31.03.2016	31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	45.36	45.36
Reserves and Surplus	3	1371.31	1046.12
		<b>1416.67</b>	<b>1091.48</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	1503.19	1415.90
Deferred tax liabilities (Net)	5	428.11	319.82
Other Long-term liabilities	6	306.54	330.11
Long-term provisions	7	14.63	13.33
		<b>2252.47</b>	<b>2079.16</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	874.78	964.48
Trade payables	9	830.41	902.64
Other current liabilities	10	616.62	640.19
Short-term provisions	11	362.49	206.01
		<b>2684.30</b>	<b>2713.32</b>
<b>TOTAL</b>		<b>6353.44</b>	<b>5883.96</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
- Tangible assets	12	3327.40	2354.40
- Capital work-in-progress		88.92	697.10
Non-current investments	13	76.57	83.61
Long-term loans and advances	14	208.04	186.52
Other non-current assets	15	75.79	84.86
		<b>3776.72</b>	<b>3406.49</b>
<b>Current Assets</b>			
Current investments	16	15.02	9.01
Inventories	17	739.68	741.62
Trade receivables	18	1210.48	1256.19
Cash and bank balances	19	62.44	100.20
Short-term loans and advances	20	538.94	361.52
Other current assets	21	10.16	8.93
		<b>2576.72</b>	<b>2477.47</b>
<b>TOTAL</b>		<b>6353.44</b>	<b>5883.96</b>
Significant Accounting Policies	1		

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

As per our report of even date

Dr. Raghupati Singhania  
Bharat Hari Singhania

Chairman & Managing Director  
Managing Director

For LODHA & CO.  
Chartered Accountants

A. K. KINRA  
Chief Financial Officer

Arvind Singh Mewar  
Bakul Jain  
Shreekant Somany  
Smt. Sunanda Singhania  
Vimal Bhandari  
Kalpataru Tripathy  
Dr. Wolfgang Holzbach  
Anshuman Singhania  
Arun K. Bajoria

Directors

N. K. LODHA  
Partner

P. K. RUSTAGI  
Company Secretary

New Delhi, the 16th May, 2016

# JK Tyre & Industries Limited

## Profit and Loss Statement For the year ended 31st March, 2016

₹ in Crores (10 Million)

	Note No.	2015-2016	2014-2015
<b>Revenue from operations</b>			
Gross Sales & Operating Income	22	6564.92	6784.37
Less: Excise Duty		684.49	659.14
Net Sales & Operating Income		5880.43	6125.23
Other income	23	14.98	14.75
<b>Total Revenue [ I ]</b>		<b>5895.41</b>	<b>6139.98</b>
<b>Expenses</b>			
Cost of materials consumed	24	3311.92	3861.62
Purchases of Stock-in-Trade	25	32.70	40.62
(Increase) / decrease in inventories of finished goods, work-in-progress and stock-in-trade	26	14.06	47.40
Employee benefits expense	27	534.05	459.48
Other expenses	28	996.93	964.38
<b>Total [ II ]</b>		<b>4889.66</b>	<b>5373.50</b>
<b>Profit before Interest, Depreciation &amp; Tax (PBIDT) [ I - II ]</b>		<b>1005.75</b>	<b>766.48</b>
Finance costs	29	229.03	240.80
Depreciation and amortisation expense	30	172.30	139.14
<b>Profit before exceptional items and tax</b>		<b>604.42</b>	<b>386.54</b>
Exceptional Items	46	(14.19)	(9.43)
<b>Profit before tax</b>		<b>590.23</b>	<b>377.11</b>
Tax Expenses:			
- Current Tax		132.87	76.08
- Mat Credit Entitlement		(55.87)	(23.05)
- Deferred Tax		112.27	70.78
<b>Profit after tax</b>		<b>400.96</b>	<b>253.30</b>
<b>Earnings per share of ₹2 each</b>	47		
- Basic		17.68	12.05
- Diluted		17.68	11.37

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

As per our report of even date

Dr. Raghupati Singhania  
Bharat Hari Singhania

Chairman & Managing Director  
Managing Director

For LODHA & CO.  
Chartered Accountants

A. K. KINRA  
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Dr. Wolfgang Holzbach  
Anshuman Singhania  
Arun K. Bajoria

Directors

N. K. LODHA  
Partner

P. K. RUSTAGI  
Company Secretary

New Delhi, the 16th May, 2016



# 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 as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013.
- 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 Depreciation on fixed assets (including on Continuous process plants considered on technical evaluation) has been provided using Straight Line Method over their useful lives and in the manner prescribed under Schedule II of the Companies Act, 2013. However, in respect of certain assets, depreciation is provided as per their useful lives as assessed by the management supported by technical advice ranging from 15 to 35 years for plant and machinery and 15 to 70 years for buildings. Accelerated depreciation in respect of a production accessory is provided over 6 years.  
  
Leasehold land is being amortised over the lease period.
- 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.

## Notes to financial statements

### NOTE - 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 Grants and subsidies from the Government are recognised when there is reasonable certainty that the grant / subsidy will be received and all attaching conditions will be complied with. Revenue Grants are recognised in the Profit & Loss Statement. Capital Grants relating to specific fixed assets are reduced from the gross value of respective fixed assets. Other Capital Grants are credited to Capital Reserve.

Export incentives are recognized in the Profit & Loss Statement.

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.

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 2 SHARE CAPITAL</b>		
<b>Authorised:</b>		
Equity Shares - 62,50,00,000 of ₹2 each	125.00	125.00
14% Cumulative Redeemable Preference Shares - 7,00,000 of ₹100 each	7.00	7.00
Preference Shares - 48,00,000 of ₹100 each	48.00	48.00
	<b>180.00</b>	180.00
<b>Issued, Subscribed and Paid up:</b>		
Equity Shares - 22,68,13,480 of ₹2 each fully paid up (Previous Year: 22,68,13,480 Equity Shares of ₹2 each)	45.36	45.36
	<b>45.36</b>	45.36

Details of each shareholder holding more than 5% shares:	No. of	No. of
	Shares held As at 31.03.2016	Shares held As at 31.03.2015
<b>Name of Shareholder</b>		
Bengal & Assam Company Limited	5,50,74,250	5,50,74,250
J.K. Fenner (India) Limited	1,80,00,000	1,80,00,000
Florence Investech Limited	3,26,59,100	3,26,59,100
Edgefield Securities Limited	1,74,37,500	1,74,37,500

## Notes to financial statements

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 2 SHARE CAPITAL (Contd.)</b>		
<b>Reconciliation of the number of shares outstanding:</b>		
Shares outstanding as at the beginning of the year	22,68,13,480	20,52,96,730
Addition during the year	-	2,15,16,750*
Shares outstanding as at the end of the year	22,68,13,480	22,68,13,480

\* Refer Note No. 3(b).

### Rights and preferences attached to Equity Shares:

- The Company has only one class of Equity Shares having face value of ₹2/- each and each shareholder is entitled to one vote per share.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 3 RESERVES AND SURPLUS</b>		
<b>Capital Reserve (a)</b>		
Opening Balance	1.50	1.50
	1.50	1.50
<b>Capital Redemption Reserve</b>		
Opening Balance	7.00	7.00
	7.00	7.00
<b>Securities Premium Reserve</b>		
Opening Balance	262.88	217.70
Addition during the year	-	45.18 (b)
	262.88	262.88
<b>Revaluation Reserve</b>		
Opening Balance	-	5.54
Transfer during the year (c)	-	(5.54)
	-	-
<b>General Reserve</b>		
Opening Balance	609.48	460.34
Addition during the year	150.00	150.00
Transfer during the year (c)	(7.52)	(0.86)
	751.96	609.48

## Notes to financial statements

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 3 RESERVES AND SURPLUS (Contd.)</b>		
<b>Surplus in Profit and Loss Statement</b>		
Opening Balance	165.26	102.91
Addition during the year	400.96	253.30
Amount available for appropriation	566.22	356.21
<b>Appropriation:</b>		
Transfer to General Reserve	(150.00)	(150.00)
Proposed Dividend @ ₹2.50 (Previous year: ₹1.50) per equity share	(56.70)	(34.02)
Corporate Dividend Tax	(11.55)	(6.93)
Closing Balance	347.97	165.26
<b>Total</b>	<b>1371.31</b>	<b>1046.12</b>

(a) Represents Capital subsidy.

(b) The Company allotted 2,15,16,750 equity shares of ₹2/- each at a premium of ₹21/- per share on preferential basis to the Promotor Group.

(c) Represents Nil (Previous year: ₹5.54 crores) transfer from Revaluation Reserve to General Reserve. Also, the carrying amount of certain fixed assets, whose lives have expired as at previous year end, have been charged to General Reserve amounting to ₹7.52 crores (Previous year: ₹6.40 crores) net of deferred tax ₹3.98 crores (Previous year: ₹ 3.38 crores).

₹ in Crores (10 Million)

	Non Current		Current*	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 4 LONG-TERM BORROWINGS</b>				
<b>Secured Loans</b>				
Term Loans:				
- Financial Institutions	350.61	333.80	28.43	26.83
- Banks	1055.06	976.19	121.95	102.10
Loan from Bank	-	-	-	50.00
	1405.67	1309.99	150.38	178.93
<b>Unsecured Loans</b>				
Term Loan from Others	24.52	32.69	8.17	8.17
Deferred Sales Tax	25.68	51.36	25.68	25.68
Fixed Deposits	47.32	21.86	12.46	13.33
	97.52	105.91	46.31	47.18
	1503.19	1415.90	196.69	226.11

\* Amount disclosed under the head "Other Current Liabilities" (Note No. 10).



# Notes to financial statements

## NOTE - 4 LONG-TERM BORROWINGS (Contd.)

### Notes:

- (i) Term Loan of ₹18.57 crores from a Bank, secured by a first pari passu charge created on movable and immovable assets of Company's Plant in Madhya Pradesh, both present and future is repayable in 13 equal quarterly instalments.
- (ii) Term Loans aggregating ₹48.87 crores from Banks are secured by a first pari passu charge created on movable and immovable assets 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 ₹28.87 crores is repayable in 9 equal quarterly instalments and from another bank ₹20.00 crores is repayable in 6 equal quarterly instalments.
- (iii) Term Loans aggregating ₹73.01 crores from Banks, secured by a first pari passu charge created on movable and immovable assets at a Company's Plant in Karnataka, both present and future are repayable in 28 equal quarterly instalments.
- (iv) Term Loans aggregating ₹608.49 crores (₹409.45 crores from Banks and Foreign Currency Loan from a Financial Institution amounting to ₹199.04 crores including ₹45.16 crores due to forex reinstatement), secured by a first pari passu charge created on movable and immovable assets at a Company's Plant in Tamil Nadu, both present and future are repayable in 28 equal quarterly instalments.
- (v) Term Loans aggregating ₹682.31 crores (₹144.26 crores from Banks / Financial Institution, Foreign Currency Loan from a Financial Institution amounting to ₹159.20 crores including ₹9.49 crores due to forex reinstatement and Buyer's Credit of ₹378.85 crores including ₹7.65 crores due to forex reinstatement availed from Banks, which will be substituted by Term Loans), secured by a first pari passu charge created on movable and immovable assets at a Company's Plant in Tamil Nadu, both present and future and also secured by way of hypothecation created on the specified movable assets at Company's Plants in Madhya Pradesh and Karnataka are repayable in 40 equal quarterly instalments commencing from December 2017.
- (vi) Foreign Currency Loan from a Bank amounting to ₹124.80 crores including ₹10.34 crores due to forex reinstatement, secured by charge by way of hypothecation of specified assets at Company's Plants in Rajasthan, Karnataka and Tamil Nadu, is repayable in 32 equal quarterly instalments commencing from April 2016.
- (vii) Term Loan of ₹32.69 crores from a body corporate is repayable in 16 equal quarterly instalments.
- (viii) Loan of ₹50.00 crores, outstanding Nil from a Bank, secured by a subservient charge on current assets of the Company stands repaid.
- (ix) Term Loans carrying first pari passu charge on the movable and immovable assets, are subject to prior charge of banks on stocks and book debts for working capital borrowings.
- (x) Unsecured Deferred Sales Tax ₹51.36 crores is repayable in 2 equal annual instalments.
- (xi) Fixed Deposits of ₹12.46 crores, ₹11.78 crores and ₹35.54 crores (aggregating ₹59.78 crores) are due for repayment in 2016-17, 2017-18 and 2018-19 respectively.

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 5 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>475.08</b>	352.45
2. Deferred Tax Assets		
(i) Expenses / Provision Allowable	<b>46.97</b>	32.63
(ii) Unabsorbed depreciation / Loss	-	32.63
3. Deferred Tax Liability / (Asset) - Net	<b>428.11</b>	319.82

## Notes to financial statements

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 6 OTHER LONG-TERM LIABILITIES</b>		
Trade Deposits & Others	306.54	330.11
	<b>306.54</b>	330.11

<b>NOTE - 7 LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits	14.63	13.33
	<b>14.63</b>	13.33

<b>NOTE - 8 SHORT-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Repayable on demand from Banks *	823.84	828.87
	<b>823.84</b>	828.87
<b>Unsecured Loans</b>		
Fixed Deposits	7.58	2.34
Short-term Loans from Banks	43.36	133.27
	<b>50.94</b>	135.61
	<b>874.78</b>	964.48

\* 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 assets of the Company's Plants in Rajasthan, Madhya Pradesh, Karnataka and Tamil Nadu.

<b>NOTE - 9 TRADE PAYABLES</b>		
Total outstanding dues of micro enterprises and small enterprises	1.50	1.55
Total outstanding dues of creditors other than micro enterprises and small enterprises	828.91	901.09
	<b>830.41</b>	902.64

<b>NOTE - 10 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term borrowings	196.69	226.11
Interest accrued but not due on borrowings	15.70	12.44
Unclaimed dividends #	0.86	0.71
Unclaimed / Uncollected Fixed Deposits and interest accrued thereon #	1.85	1.43
Others:		
- Government and Other Statutory Dues	90.65	92.12
- Other Payables	310.87	307.38
	<b>616.62</b>	640.19

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

# Notes to financial statements

₹ in Crores (10 Million)

		As at 31.03.2016	As at 31.03.2015
<b>NOTE - 11</b>	<b>SHORT-TERM PROVISIONS</b>		
Provision for Employee Benefits		5.95	10.62
Others:			
- Provision for Taxation		288.29	154.44
- Proposed Dividend		56.70	34.02
- Provision for Corporate Dividend Tax		11.55	6.93
		<b>362.49</b>	<b>206.01</b>

## NOTE - 12 FIXED ASSETS

₹ in Crores (10 Million)

Particulars	Gross Value			Depreciation / Amortisation				Net Value		
	As at 31.03.2015	Additions / Adjustments ^	Sales / Adjustments	As at 31.03.2016	Upto 31.03.2015	For the Year**	Sales / Adjustments	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>(i) Tangible Assets</b>										
Land - Freehold	58.53	-	-	58.53	-	-	-	-	58.53	58.53
- Leasehold	10.61	-	0.01	10.60	1.43	0.11	-	1.54	9.06	9.18
Buildings *	532.86	205.32	-	738.18	117.39	13.01	-	130.40	607.78	415.47
Plant & Equipments	3416.69	944.52	11.91	4349.30	1573.22	165.18	11.19	1727.21	2622.09	1843.47
Furniture and Fixtures	15.70	1.22	0.71	16.21	7.92	1.04	0.20	8.76	7.45	7.78
Office Equipments	15.27	2.35	0.53	17.09	11.12	1.43	0.38	12.17	4.92	4.15
Vehicles	24.66	7.46	5.65	26.47	8.84	3.03	2.97	8.90	17.57	15.82
	4074.32	1160.87	18.81	5216.38	1719.92	183.80	14.74	1888.98	3327.40	2354.40
Previous Year	3850.59	232.00	8.27	4074.32	1577.18	148.69	5.95	1719.92	2354.40	-
<b>(ii) Intangible Assets</b>										
Software #	11.78	-	-	11.78	11.78	-	-	11.78	-	-
	11.78	-	-	11.78	11.78	-	-	11.78	-	-
Previous Year	11.78	-	-	11.78	11.55	0.23	-	11.78	-	-

\* Buildings include ₹2.05 crores constructed on leased land and 32 shares held in co-operative housing societies.

\*\* Pursuant to adoption of useful lives of fixed assets as per Schedule II of the Companies Act, 2013 and in compliance with Notification No. GSR 627(E) dated 29.08.2014 during the current year, the useful lives have been assessed by a valuer, and accordingly, depreciation for the year is lower by ₹0.69 crore (Previous year: lower by ₹31.72 crores). After retaining residual value, the carrying amount of ₹11.50 crores (Previous year: ₹9.78 crore) of certain fixed assets, whose lives have expired as at previous year end, has been charged to General Reserve.

# Being amortised over a period of 5 years.

^ Includes capitalisation of finance cost ₹15.11 crores and forex reinstatement ₹51.60 crores (Unamortised forex reinstatement as on 31.03.2016: ₹92.29 crores)

^ Government Subsidy of ₹6.37 crores 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 along with Factory Land and Township building as at 1st April, 2002 based on replacement cost by a Valuer. The Gross Value includes revaluation of ₹538.60 crores (Previous year: ₹544.23 crores)

## Notes to financial statements

	As at 31.03.2016		As at 31.03.2015	
	Numbers	₹ in Crores (10 Million)	Numbers	₹ in Crores (10 Million)
<b>NOTE - 13 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
Natext Biosciences Pvt. Ltd. (₹10 each)	15,00,000	1.50	-	-
<b>Associate Companies:</b>				
Hari Shankar Singhania Elastomer & Tyre Research Institute (₹100 each) (₹2400; As at 31.03.2015: ₹2400)	24		24	
Dwarkesh Energy Ltd. (₹10 each)	3,50,000	0.35	3,50,000	0.35
Florence Investech Ltd. (₹10 each)	10,74,994	32.50	10,74,994	32.50
<b>Others:</b>				
HDFC Bank Ltd. (₹2 each) (₹10000; As at 31.03.2015: ₹10000)	5,000		5,000	
Bengal & Assam Company Ltd. (₹10 each)	11,641	0.05	11,641	0.05
Dhampur Sugar Mills Ltd. (₹10 each)	-	-	4,60,075	2.68
V. S. Lignite Power Pvt. Ltd. (₹10 each) #	12,56,039	1.26	12,56,039	1.26
J.K.I. Employees Co-operative Credit Society Ltd. (₹1000 each) (₹5000; As at 31.03.2015: ₹5000)	5		5	
Reliance Industries Ltd. (₹10 each) **	4,360	0.46	4,360	0.36
Vaayu Renewable Energy (Godavari) Pvt. Ltd. (₹10 each)	49,400	0.05	-	-
<b>Investment in Preference Shares:</b>				
<b>Associate Company:</b>				
Dwarkesh Energy Ltd. (7% Optionally Convertible Cumulative Redeemable Preference Shares - [₹100 each])	11,00,000	11.00	11,00,000	11.00
<b>Others:</b>				
V. S. Lignite Power Pvt. Ltd. (₹10 each) (0.01% Cumulative Redeemable) #	11,14,222	1.11	11,14,222	1.11
Dhampur Sugar Mills Limited (8% Cumulative Redeemable Preference Shares of ₹100 each) - Redeemable equally on 1.4.2014, 1.4.2015 & 1.4.2016	-	-	18,01,817	6.01
<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 31.03.2015: ₹25000)				
		76.57		83.61
Aggregate amount of quoted Investments		33.01		35.59
Market Value of quoted Investments		35.68		39.13
Aggregate amount of unquoted Investments		43.56		48.02
Aggregate provision for diminution in value of Investments		0.07		0.17

# Under lien with Issuer.

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

\*\* Net of provision for diminution.

## Notes to financial statements

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 14 LONG-TERM LOANS &amp; ADVANCES</b> (Unsecured - Considered Good)		
Advances - Project related	19.78	58.86
Security Deposits with Government Authorities and Others	32.51	31.28
Loans & advances to related parties	3.50	-
MAT Credit Entitlement	152.25	96.38
	<b>208.04</b>	186.52

<b>NOTE - 15 OTHER NON-CURRENT ASSETS</b> (Unsecured, Considered Good)		
Deferred Receivable	75.79	84.86
	<b>75.79</b>	84.86

	As at 31.03.2016		As at 31.03.2015	
	Numbers	₹ in Crores (10 Million)	Numbers	₹ in Crores (10 Million)
<b>NOTE - 16 CURRENT INVESTMENTS</b> (Unquoted)				
<b>Investment in Preference Shares:</b>				
Dhampur Sugar Mills Limited (8% Cumulative Redeemable Preference Shares of ₹100 each)	18,01,817	15.02	18,01,817	9.01
		15.02		9.01

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 17 INVENTORIES</b> (Valued at lower of cost or net realisable value)		
Raw Materials*	301.17	293.28
Work-in-Progress	40.66	49.23
Finished Goods**	346.02	347.48
Stock-in-trade	4.37	4.43
Stores and Spares	47.46	47.20
	<b>739.68</b>	741.62

\* Includes raw materials in transit ₹102.20 crores (Previous Year - ₹78.75 crores)

\*\* Includes finished goods in transit Nil (Previous Year - ₹1.55 crores)

<b>NOTE - 18 TRADE RECEIVABLES</b> (Unsecured)		
(a) Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	77.12	19.26
Doubtful	4.83	4.49
Less: Allowance for Bad and Doubtful debts	(4.83)	(4.49)
(b) Others (Considered Good)	1133.36	1236.93
	<b>1210.48</b>	1256.19



## Notes to financial statements

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 19 CASH &amp; BANK BALANCES</b>		
(a) Cash and Cash Equivalents		
Balances with Banks:		
Current Accounts	18.63	11.53
Remittances in transit and Cheques on hand	36.50	60.84
Cash on hand	0.05	0.08
	55.18	72.45
(b) Other Bank Balances		
Unclaimed Dividend Accounts	0.86	0.71
Deposit Accounts*	6.40	27.04
	62.44	100.20

\* Includes Deposit Repayment Reserve Account ₹5.00 crores (Previous Year: ₹4.75 crores), margin money under lien with banks against bank guarantees ₹1.40 crores (Previous Year: ₹1.29 crores) and temporary deployment of funds, pending its utilisation NIL (Previous Year: ₹21.00 crores).

<b>NOTE - 20 SHORT-TERM LOANS &amp; ADVANCES (Unsecured, Considered Good)</b>		
Balances with Government Authorities	180.94	154.50
Loans & advances to related parties	0.68	0.58
Prepaid Expenses	10.64	6.30
MAT Credit Entitlement	2.49	2.49
Income Tax Advance Payments	294.31	169.08
Other Advances	49.88	28.57
	538.94	361.52

<b>NOTE - 21 OTHER CURRENT ASSETS (Unsecured, Considered Good)</b>		
Interest Accrued on Investments	0.38	0.39
Deferred Receivable	9.07	8.54
Others	0.71	-
	10.16	8.93

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>NOTE - 22 REVENUE FROM OPERATIONS</b>		
Sale:		
Tyres & tubes	6442.48	6677.71
Others	38.03	44.92
Royalty and others	16.88	16.72
Other operating revenues:		
Provision for earlier years written back	0.45	0.05
Miscellaneous Income*	67.08	44.97
	6564.92	6784.37

\* Includes Government Incentive of ₹42.92 crores (Previous Year: ₹22.26 crores)

# Notes to financial statements

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>NOTE - 23 OTHER INCOME</b>		
Income from Long-term Investments		
- Dividends	0.19	0.18
- Interest	-	0.30
- Reversal of Provision for Diminution in value of Long-term Investments	0.10	-
- Profit / (Loss) on Sale of Investments	0.69	0.20
Other Interest Income	14.00	14.07
	<b>14.98</b>	<b>14.75</b>

<b>NOTE - 24 COST OF MATERIALS CONSUMED</b>		
Raw Material Consumed	3311.92	3861.62

<b>NOTE - 25 PURCHASES OF STOCK-IN-TRADE</b>		
Tyres	6.15	6.67
Flaps	26.55	33.95
	<b>32.70</b>	<b>40.62</b>

<b>NOTE - 26 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	347.48	388.82
Work-in-Progress	49.23	51.44
Stock-in-Trade	4.43	4.48
	(A) 401.14	444.74
<b>Closing Stock</b>		
Finished Goods	346.02	347.48
Work-in-Progress	40.66	49.23
Stock-in-Trade	4.37	4.43
	(B) 391.05	401.14
(Increase) / Decrease in Stocks	(A-B) 10.09	43.60
Less: Adjustments for differential excise duty	(3.97)	(3.80)
Net (Increase) / Decrease in Stocks	<b>14.06</b>	<b>47.40</b>

<b>NOTE - 27 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	394.01	330.89
Contribution to Provident and other Funds	41.55	39.69
Employees' Welfare and other Benefits	98.49	88.90
	<b>534.05</b>	<b>459.48</b>

## Notes to financial statements

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>NOTE - 28 OTHER EXPENSES</b>		
Conversion Charges	61.77	57.70
Consumption of Stores and spares **	55.91	61.68
Power and Fuel	238.53	243.59
Rent	16.91	14.35
Lease Rent	20.24	20.32
Repairs to Buildings	5.25	8.06
Repairs to Machinery	21.44	19.45
Insurance	3.80	3.87
Rates & Taxes	8.75	13.17
Discount & Commission	90.69	64.48
Freight and Transportation	232.46	244.98
Advertisement and sales promotion	95.35	85.67
Bad Debts written off	0.79	-
Provision for Diminution in Value of Long-term Investments	-	0.05
Provision for Doubtful Debts / Advances	0.79	0.75
Corporate Social Responsibility Expenses	4.76	2.08
Miscellaneous Expenses	139.49	124.18
	<b>996.93</b>	<b>964.38</b>
** Break up of consumption of Stores & Spares		
Indigenous	50.34	56.57
% of Total	90.04	91.72
Imported	5.57	5.11
% of Total	9.96	8.28

<b>NOTE - 29 FINANCE COSTS</b>		
Interest Expenses	225.55	238.48
Other Borrowing Costs	3.48	2.32
	<b>229.03</b>	<b>240.80</b>

<b>NOTE - 30 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation and Amortisation	172.30	139.14
	<b>172.30</b>	<b>139.14</b>

### NOTE - 31

Estimated amount of contracts remaining to be executed on capital account ₹179.37 crores (Previous year: ₹470.44 crores).

### NOTE - 32

Contingent liabilities in respect of claims not accepted and not provided for ₹50.34 crores (Previous year: ₹40.84 crores) pertain to Excise & Customs duty matters in appeal ₹8.41 crores, Service tax matters ₹0.31 crore, Sales Tax matters in appeal ₹2.19 crores, Income tax matters in appeal ₹2.83 crores & other matters ₹36.60 crores (Previous year: ₹8.41 crores, ₹0.04 crore, ₹2.14 crores, ₹2.97 crores & ₹27.28 crores respectively).

## Notes to financial statements

### NOTE - 33

Bills discounted with Banks outstanding Nil (Previous year: ₹8.06 crores).

### NOTE - 34

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)	
	As at 31.03.2016	As at 31.03.2015
Raw Material Consumption	2.86	0.27
Employee Benefit Expenses	14.53	16.27
Insurance Expenses	0.17	0.56
Power and Fuel Consumed	3.34	0.73
Finance Costs	8.42	12.93
Unrealised Exchange Fluctuation on borrowings	14.72	5.59
Miscellaneous expenditure	7.70	6.46
	51.74	42.81
Less: Scrap Sale	0.11	0.02
	51.63	42.79
Add: Expenditure upto previous year	42.53	12.62
	94.16	55.41
Less: Transferred to Fixed Assets	92.59	12.88
	1.57	42.53

### NOTE - 35

Debts over six months / Advances include ₹3.62 crores (Previous year: ₹3.92 crores) 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.

### NOTE - 36

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.

### NOTE - 37

The Company has taken certain specified Plant & Machinery on operating lease basis, which is cancellable at the option of lessee.

### NOTE - 38

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.

## Notes to financial statements

### NOTE - 39

- a. Forward Contracts for hedging Receivables - US \$ 47 Million (Previous year: US \$ 24 Million) and for hedging Payables – US \$ 38.50 Million (Previous year: Nil) are outstanding as at 31.03.2016.
- b. Foreign currency exposure unhedged net payable is ₹1054.83 crores – US \$ 159.02 Million (Previous year: ₹997.28 crores – US \$ 159.34 Million) as at 31.03.2016.

### NOTE - 40

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 31.03.2016: 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 31.03.2016: Nil (Previous year: Nil).

### NOTE - 41

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.

### NOTE - 42

The Company has, pursuant to the approval granted by its Board of Directors in their meeting held on September 12, 2015, completed the acquisition of 64% shareholding in Cavendish Industries Limited (CIL) on April 13, 2016 for an amount of ₹448.05 crores. CIL has a tyre manufacturing plant at Laksar, Uttarakhand, where it manufactures a range of tyres, tubes and flaps. The remaining 36% shareholding in CIL has been acquired by Associates / Group Companies on the same date.

This strategic acquisition further strengthens JK Tyre's leadership position in Truck / Bus Radial segment. Furthermore, JK Tyre gets entry into the fast growing 2/3 wheeler segment.

### NOTE - 43

Miscellaneous expenses include Nil (Previous year: ₹0.75 crore) for political purpose.

### NOTE - 44

Expenditure on Research and Development (R&D) activities during the year:

	₹ in Crores (10 Million)	
	2015-2016	2014-2015
i) Revenue Expenditure*:		
1. Employee Cost	11.15	9.93
2. Cost of Materials and Testing Charges	31.27	21.50
3. Other R & D Expenses	3.87	3.31
Sub total (i)	46.29	34.74
ii) Capital Expenditure	1.52	3.39
Total (i+ii)	47.81	38.13

\* Included in respective revenue accounts.



## Notes to financial statements

### NOTE - 45 Amount paid to Auditors

	₹ in Crores (10 Million)	
	2015-2016	2014-2015
i) Statutory Auditors		
a) Audit Fee	0.21	0.21
b) Taxation	0.03	0.03
c) Certificates / other services	0.04	0.04
d) Reimbursement of expenses	0.02	0.05
ii) Cost Auditors		
a) Audit Fee	0.02	0.02
b) Certificates / other services ₹9025 (Previous year: ₹3000)		
c) Reimbursement of expenses ₹6150 (Previous year: ₹12750)		

### NOTE - 46

Exceptional items include net impact of unfavourable Foreign Exchange Rate fluctuation ₹1.41 crores (Previous Year: ₹7.24 crores), net gain on sale of certain assets ₹0.08 crore (Previous Year: ₹0.36 crore), and expenditure on VRS for the employees ₹12.86 crores (Previous Year: ₹2.55 crores).

### NOTE - 47 Earnings Per Share (EPS)

	₹ in Crores (10 Million)	
	2015-2016	2014-2015
a. Profit after Tax	400.96	253.30
b. Weighted average number of Equity Shares for Basic EPS	226813480	210189580
Add: Adjustment relating to Share Warrants	-	12500909
Weighted average number of Equity Shares for Diluted EPS	226813480	222690489
c. Earnings per share of ₹2 each		
- Basic	17.68	12.05
- Diluted	17.68	11.37

### NOTE - 48

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)

Particulars	₹ in Crores (10 Million)			
	Leave Encashment (Non Funded)		Gratuity (Funded)	
	2015-2016	2014-2015	2015-2016	2014-2015
<b>I Expenses recognised in the Profit and Loss Statement*</b>				
1 Current Service Cost	3.66	4.75	7.83	7.43
2 Interest Cost	1.19	1.10	7.35	7.02
3 Expected return on plan assets	-	-	(7.14)	(7.11)
4 Actuarial (Gains) / Losses	4.15	3.44	6.23	7.74
5 Total expense	9.00	9.29	14.27	15.08

# Notes to financial statements

## (a) Defined Benefit Plan

(i) (Contd.)

₹ in Crores (10 Million)

Particulars	Leave Encashment (Non Funded)		Gratuity (Funded)	
	2015-2016	2014-2015	2015-2016	2014-2015
<b>II Net Asset / (Liability) recognised in the Balance Sheet as at year end</b>				
1 Present Value of Defined Benefit Obligation	18.69	17.19	97.16	97.12
2 Fair value of plan assets	-	-	95.95	90.97
3 Funded status [Surplus / (Deficit)]	(18.69)	(17.19)	(1.21)	(6.15)
4 Net asset / (liability)	(18.69)	(17.19)	(1.21)	(6.15)
<b>III Change in obligation during the year</b>				
1 Present Value of Defined Benefit Obligation at the beginning of the year	17.19	13.79	97.12	81.98
2 Current Service Cost	3.66	4.75	7.83	7.43
3 Interest Cost	1.19	1.10	7.35	7.02
4 Actuarial (Gains) / Losses	4.15	3.44	6.41	8.64
5 Benefits Payments	(7.50)	(5.89)	(21.55)	(7.95)
6 Present Value of Defined Benefit Obligation as at year end	18.69	17.19	97.16	97.12
<b>IV Change in Assets during the year</b>				
1 Fair value of plan assets at the beginning of the year	-	-	90.97	84.27
2 Expected return on plan assets	-	-	7.14	7.11
3 Contributions by employer	7.50	5.89	19.21	6.64
4 Actual benefits paid	(7.50)	(5.89)	(21.55)	(7.95)
5 Actuarial gains / (losses)	-	-	0.18	0.90
6 Fair value of plan assets as at year end	-	-	95.95	90.97
7 Total Actual Return on Plan Assets	-	-	7.32	8.01
<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	8.06%	8.00%	8.06%	8.00%
2 Expected rate of return on plan assets	-	-	8.06%	8.00%
3 Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			
4 Salary Escalation	5.50%	5.50%	5.50%	5.50%

\* Included under the head Employee Benefits Expense - Refer Note 27.

# Notes to financial statements

(ii) ₹ in Crores (10 Million)

Particulars	Leave Encashment					Gratuity				
	2015-16	2014-15	2013-14	2012-13	2011-12	2015-16	2014-15	2013-14	2012-13	2011-12
Present Value of Defined Benefit Obligation	18.69	17.19	13.79	12.85	11.15	97.16	97.12	81.98	77.80	66.60
Fair Value of Plan Assets	-	-	-	-	-	95.95	90.97	84.27	76.46	69.44
Surplus / (Deficit)	(18.69)	(17.19)	(13.79)	(12.85)	(11.15)	(1.21)	(6.15)	2.29	(1.34)	2.84
Experience adjustment on Plan Liabilities (Gain) / Loss	4.15	2.42	2.79	1.49	2.85	6.64	1.60	4.61	1.10	2.78
Experience adjustment on Plan Assets (Gain) / Loss	-	-	-	-	-	(0.18)	(1.42)	(0.78)	(0.93)	0.11

- (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, 2016 of ₹1.58 crores (Previous Year: ₹1.45 crores) has been included under the head Employee Benefits Expense. (Refer Note 27).

## (b) Defined Contribution Plans -

Employer's Contributions to Provident and other Funds charged off during the 12 months ended 31st March, 2016 of ₹25.70 crores (Previous Year: ₹23.16 crores) has been included under the head Employee Benefits Expense. (Refer Note 27).

## NOTE - 49 Related Parties

### a) Subsidiaries:

- J. K. International Ltd.
- J. K. Asia Pacific Ltd.
- J. K. Asia Pacific (S) Pte. Ltd. (JKAPPL - Subs. of J. K. Asia Pacific Ltd.)
- Natext Biosciences Pvt. Ltd. (NBPL) (related w.e.f. 30th Jun, 2015)
- Lankros Holdings Ltd. (LANKROS)
- Sarvi Holdings Switzerland AG. (SARVI - 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 JK TSA

### b) Associates:

- Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI)
- Valiant Pacific LLC. (VPL)
- Florence Investech Ltd. (FINVL)
- Dwarkesh Energy Ltd. (DEL)

## Notes to financial statements

### c) Key Management Personnel (KMP):

(i) Dr. Raghupati Singhania	Chairman & Managing Director
(ii) Shri Bharat Hari Singhania	Managing Director
(iii) Shri Vikrampati Singhania (ceased to be a director w.e.f. 21st Jan, 2016)	Dy. Managing Director
(iv) Shri Anshuman Singhania (director w.e.f. 16th Mar, 2016)	Whole Time Director
(v) Shri Swaroop Chand Sethi (ceased to be a director w.e.f. 15th May, 2015)	Whole Time Director
(vi) Shri Arun Kumar Bajoria	Director & President – International Operations
(vii) Shri Ashok Kumar Kinra	Chief Financial Officer
(viii) Shri Pawan Kumar Rustagi	Vice President (Legal) & Co. Secretary

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

JK Lakshmi Cement Ltd. (JKLC)  
 J.K. Fenner (India) Ltd. (JKFIL) (ceased to be related w.e.f. 21st Jan, 2016)  
 Nav Bharat Vanijya Ltd. (NBVL)

### e) Other Related Parties with which Company has transactions:

Bengal & Assam Company Ltd. (BACL) – Public company in which Directors of the Company are directors and hold more than two percent of its paid-up share capital

Pushpawati Singhania Research Institute for Liver, Renal & Digestive Diseases (PSRI) – Private company in which Directors are Directors & members

Niyojit Properties Pvt. Ltd. (NPPL) - Private company in which a Director is member (ceased on 30th Mar, 2015 and subsequently became related w.e.f. 16th Mar, 2016)

O.P. Khaitan & Co. (OPKC) – Firm in which Director was a partner (since deceased on 06th Dec, 2015)

Shardul Amarchand Mangaldas & Co. (SAMC) – Firm in which Director is a partner (related w.e.f. 10th May, 2015)

l. The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis:

₹ in Crores (10 Million)

Nature of Transactions	Subsidiaries	Associates	Enterprise over which KMP is able to exercise Significant Influence	Other Related Parties	TOTAL
<b>Sale of Tyres to CHT, VPL &amp; JKLC</b>	<b>16.81</b>	<b>259.26</b>	<b>1.26</b>		<b>277.33</b>
Sale of Tyres to CHT, VPL & JKLC	(11.81)	(326.40)	(0.65)		(338.86)
<b>Sale of Materials to CHT</b>	<b>0.02</b>				<b>0.02</b>
Sale of Stores to HASETRI		(0.09)			(0.09)
<b>Sale of Capital items to NBVL</b>			<b>0.01</b>		<b>0.01</b>
Sale of Capital items to CHT	(0.09)				(0.09)
<b>Purchase of stores from CHT – 0.18, prototype from NBPL, cement from JKLC – 0.19 &amp; Spares from JKFIL</b>	<b>0.29</b>		<b>0.22</b>		<b>0.51</b>
Purchase of cement from JKLC - 0.22 & Spares from JKFIL			(0.27)		(0.27)
<b>Purchase of Capital Items from NBVL</b>			<b>0.10</b>		<b>0.10</b>
Purchase of Capital Items from CHT	(0.60)				(0.60)
<b>Sharing of Expenses received – HASETRI – 2.21, FINVL, JKFIL - 0.52, JKLC – 0.36, NBVL &amp; BACL</b>		<b>2.22</b>	<b>1.23</b>	<b>0.02</b>	<b>3.47</b>
Sharing of Expenses received – HASETRI, JKFIL - 0.77, JKLC – 0.36, NBVL & BACL		(1.78)	(1.48)	(0.02)	(3.28)
<b>Sharing of Expenses paid – NBVL – 8.83, JKFIL – 0.48, JKLC &amp; BACL</b>			<b>9.78</b>	<b>0.39</b>	<b>10.17</b>

## Notes to financial statements

I. The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis (Contd.):

₹ in Crores (10 Million)

Nature of Transactions	Subsidiaries	Associates	Enterprise over which KMP is able to exercise Significant Influence	Other Related Parties	TOTAL
Sharing of Expenses paid – JKFIL - 0.54, JKLC, NBVL – 8.56, BAACL – 0.39 & NPPL			(9.56)	(0.43)	(9.99)
<b>Services Availed – JKAPPL, HASETRI – 23.15, VPL, JKLC – 2.81, NBVL, SAMC – 1.54, PSRI – 0.02 &amp; OPKC</b>	<b>0.58</b>	<b>23.33</b>	<b>4.08</b>	<b>1.58</b>	<b>29.57</b>
Services Availed – HASETRI – 16.68, VPL, JKLC – 2.20, NBVL, OPKC – 0.09 & PSRI		(16.84)	(2.28)	(0.11)	(19.23)
<b>Services Rendered – JK TSA</b>	<b>15.43</b>				<b>15.43</b>
Services Rendered – JK TSA	(14.53)				(14.53)
<b>Advances given – NBPL</b>	<b>0.68</b>				<b>0.68</b>
Advances given – SARVI	(0.08)				(0.08)
<b>Lease Rent paid to JK FIL</b>			<b>18.54</b>		<b>18.54</b>
Lease Rent paid to JK FIL			(23.16)		(23.16)
<b>Interest Income from NBPL &amp; JK FIL</b>	<b>0.29</b>		<b>6.98</b>		<b>7.27</b>
Interest Income from JK FIL			(9.35)		(9.35)
<b>Royalty income from VPL</b>		<b>1.45</b>			<b>1.45</b>
Royalty income from VPL		(2.19)			(2.19)
<b>Contribution to PSRI</b>				<b>2.00</b>	<b>2.00</b>
Contribution to PSRI				(6.00)	(6.00)
<b>Loan given to NBPL - 3.50 &amp; subscription to right issue</b>	<b>4.99</b>				<b>4.99</b>
<b>Purchase of securities from NBVL</b>			<b>0.01</b>		<b>0.01</b>
Money received against Share Warrants		(4.29)		(20.92)	(25.21)
<b>Outstanding as at year end:</b>					
<b>Receivable:</b>					
<b>- CHT – 7.30, NBPL – 4.18 &amp; JK TSA – 3.52</b>	<b>15.00</b>				<b>15.00</b>
- CHT – 11.92, JK TSA – 3.23, SARVI – 0.38 & LANKROS – 0.07	(15.60)				(15.60)
<b>- VPL – 148.39, JKLC – 2.07, NBVL - 0.05 &amp; BAACL – 0.39</b>		<b>148.39</b>	<b>2.12</b>	<b>0.39</b>	<b>150.90</b>
- VPL – 147.19, JKLC – 2.05 & JK FIL – 93.48		(147.19)	(95.53)		(242.72)

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

II. Remuneration to (i) Chairman & Managing Director ₹20.91 crores (₹12.20 crores), (ii) Managing Director ₹16.83 crores (₹8.58 crores), (iii) Dy. Managing Director ₹15.01 crores (₹7.99 crores), (iv) Whole time Director ₹0.10 crore [subject to shareholders' approval] (Nil), (v) Whole time Director ₹0.29 crore (₹1.98 crores) and (vi) Director & President - International Operations ₹4.11 crores (₹3.61 crores). (Previous year figures in brackets)

Remuneration paid to Chief Financial Officer ₹1.97 crores (₹1.44 crores) and Vice President (Legal) & Co. Secretary ₹0.84 crore (₹0.66 crore). (Previous year figures in brackets)

Received Nil (₹1.14 crores) and Nil (₹0.39 crore) against Share warrants allotted to Chairman & Managing Director and Managing Director respectively. (Previous year figures in brackets)



## Notes to financial statements

**NOTE - 50** Loans and Advances pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

₹ in Crores (10 Million)

	Outstanding as at 31st March, 2016	Maximum Amount Outstanding during 2015-2016	Outstanding as at 31st March, 2015	Maximum Amount Outstanding during 2014-2015
Loans and Advances (in the nature of Loans):				
Subsidiaries (Repayable as per Repayment Schedule)				
Natext Biosciences Private Limited	3.50	3.50	-	-
(for business purposes)				

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

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>NOTE - 51 RAW MATERIAL CONSUMED</b>		
Rubber	1754.07	2048.83
Reinforcement Material	612.70	660.41
Carbon Black	372.29	534.80
Chemicals	472.81	514.15
Others	100.05	103.43
	3311.92	3861.62
Indigenous	1934.07	2226.87
% of Total	58.40	57.67
Imported	1377.85	1634.75
% of Total	41.60	42.33

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 52 WORK IN PROGRESS</b>		
Compounds	17.19	25.38
Semi-finished Tyres	11.57	10.77
Others	11.90	13.08
	40.66	49.23

# Notes to financial statements

₹ in Crores (10 Million)

NOTE - 53	2015-2016	2014-2015
a) Expenditure in Foreign Currency:		
(i) Professional charges	5.62	2.89
(ii) Interest expense	22.56	16.22
(iii) Others	22.29	22.59
b) Remittances in foreign Currency on account of Dividend for the year 2014-15 (Previous year 2013-14)		
(i) Number of Non-resident shareholders	1	1
(ii) Number of Equity shares held by them	17437500	17437500
(iii) Amount of dividend remitted	2.62	1.74
c) Earnings in Foreign Currency on account of:		
F.O.B. value of exports	580.80	844.06
Royalty and others	16.88	16.72
d) C.I.F. Value of Imports:		
Raw Materials	1237.57	1475.33
Capital Goods	135.46	368.84
Spares	15.41	8.67

## NOTE - 54

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

## NOTE - 55

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

As per our report of even date

Dr. Raghupati Singhania  
Bharat Hari Singhania

Chairman & Managing Director  
Managing Director

For LODHA & CO.  
Chartered Accountants

A. K. KINRA  
Chief Financial Officer

Arvind Singh Mewar  
Bakul Jain  
Shreekant Somany  
Smt. Sunanda Singhania  
Vimal Bhandari  
Kalpataru Tripathy  
Dr. Wolfgang Holzbach  
Anshuman Singhania  
Arun K. Bajoria

Directors

N. K. LODHA  
Partner

P. K. RUSTAGI  
Company Secretary

New Delhi, the 16th May, 2016

# JK Tyre & Industries Limited

## Cash Flow Statement For the year ended 31st March, 2016

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax and extraordinary items	590.23	377.11
Adjustment for:		
Depreciation and Amortisation Expense	172.30	139.14
Finance Costs	229.03	240.80
(Profit) / Loss on sale of assets	(0.08)	(0.36)
Profit on sale of Investment	(0.69)	(0.20)
Provision / (Reversal of Provision) for diminution in value of Long-Term Investments	(0.10)	0.05
Provision for earlier years written back	(0.45)	(0.05)
Unrealised Foreign Exchange Fluctuation	(7.71)	(2.78)
Interest / Dividend Received	(14.19)	(14.55)
Provision for Doubtful Debts / Advances and Bad Debts written off	1.58	0.75
Operating Profit before working capital changes	969.92	739.91
(Increase) / Decrease in Trade and Other Receivables	(2.04)	(129.07)
(Increase) / Decrease in Inventories	1.94	24.08
Increase / (Decrease) in Trade and Other Payables	(30.49)	39.12
Cash generated from Operations	939.33	674.04
Direct taxes (Net)	(124.25)	(87.24)
<b>Net Cash from Operating activities</b>	<b>815.08</b>	<b>586.80</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(519.95)	(686.36)
Sale of Fixed Assets	12.69	10.68
Movement in Loans & Advances	(3.60)	5.37
Purchase of Investments	(1.55)	(1.00)
Redemption of Investment	3.37	10.29
Deposit Accounts with Banks	20.64	(27.04)
Interest Received	14.01	14.42
Dividend Received	0.19	0.18
<b>Net Cash used in Investing activities</b>	<b>(474.20)</b>	<b>(673.46)</b>

# Cash Flow Statement

For the year ended 31st March, 2016

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Money received against Share Warrants	-	37.11
Proceeds from borrowings	300.70	519.11
Repayment of borrowings	(383.71)	(299.51)
Finance Costs paid	(234.19)	(250.71)
Dividend paid (including dividend tax)	(40.95)	(24.02)
<b>Net Cash used in Financing activities</b>	<b>(358.15)</b>	<b>(18.02)</b>
Net increase / (decrease) in Cash and Cash Equivalents	(17.27)	(104.68)
Cash and Cash Equivalents as at the beginning of the year	72.45	177.13
Foreign Currency Translation gain / (loss) on Cash and Cash Equivalents	-	-
Cash and Cash Equivalents as at the end of the year	55.18	72.45
<b>Notes:</b>		
Cash and Cash Equivalents Include:		
- Cash, Cheques on hand and Remittances in transit	36.55	60.92
- Balances with Banks	18.63	11.53
- Unrealised Translation gain / (loss) on Foreign Currency balances	-	-
<b>Total</b>	<b>55.18</b>	<b>72.45</b>

As per our report of even date

Dr. Raghupati Singhania  
Bharat Hari Singhania

Chairman & Managing Director  
Managing Director

For LODHA & CO.  
Chartered Accountants

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Anshuman Singhania  
Arun K. Bajoria

Directors

N. K. LODHA  
Partner

P. K. RUSTAGI  
Company Secretary

New Delhi, the 16th May, 2016

# CONSOLIDATED **FINANCIAL SECTION**



# Independent Auditor's Report

To the Members of  
**JK Tyre & Industries Limited**

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of JK TYRE & INDUSTRIES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group") and its associates, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and audit evidence obtained by the other auditors in term of their reports referred to in sub- paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group and its associates as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

a) We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of ₹1329.77 crores as at 31st March, 2016, total revenues of ₹1769.19 crores and net cash used (outflow) of ₹8.15 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹0.24 crores for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of an associate, namely, Valiant Pacific LLC. whose financial statements have not been audited by us. These financial statements have been audited by other auditors, whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these

subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the report of the other auditors.

- b) We did not audit the financial statements of a subsidiary, namely, J. K. International Limited whose financial statements reflect total assets of ₹0.01 crore as at 31st March, 2016, as considered in the consolidated financial statements. These financial statements are unaudited (exempted under UK laws as stated in Note-1(f)) and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the said subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the group.

The financial statements of an 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.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the

purpose of preparation of the Consolidated Financial Statements.

- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associates incorporated in India, none of the directors of the Holding Company, subsidiary company and associate companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a Director of that company in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company & subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and on the basis of report of other auditors:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note no. 32 & 37 to the consolidated financial statements;
- ii. The group and its associates have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any; on long term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, subsidiary company and associates incorporated in India.

**For LODHA & CO.,**  
Chartered Accountants  
Firm's Registration No. 301051E

**(N. K. LODHA)**  
Partner

New Delhi, the 16th May, 2016

Membership No. 85155

# Annexure - A to the Auditors' Report

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of JK TYRE & INDUSTRIES LIMITED ("the Holding Company") and a subsidiary company which is incorporated in India ("Group in India"), as of that date.

### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company, which is a company incorporated in India ("Group in India"), are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Group in India's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI, deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group in India's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Group in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Group in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For LODHA & CO.,**  
Chartered Accountants  
Firm's Registration No. 301051E

**(N. K. LODHA)**

Partner

New Delhi, the 16th May, 2016

Membership No. 85155

# JK Tyre & Industries Limited

## Consolidated Balance Sheet As at 31st March, 2016

₹ in Crores (10 Million)

	Note No.	31.03.2016	31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	45.36	45.36
Reserves and Surplus	3	1703.12	1355.65
		<b>1748.48</b>	<b>1401.01</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	1558.43	1503.60
Deferred tax liabilities (Net)	5	435.51	319.82
Other Long-term liabilities	6	306.54	330.11
Long-term provisions	7	78.69	80.57
		<b>2379.17</b>	<b>2234.10</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	1111.27	1205.82
Trade payables	9	955.37	1054.53
Other current liabilities	10	744.27	751.53
Short-term provisions	11	406.00	256.83
		<b>3216.91</b>	<b>3268.71</b>
<b>TOTAL</b>		<b>7344.56</b>	<b>6903.82</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
- Tangible assets	12	3753.01	2701.30
- Intangible assets	12	0.04	-
- Capital work-in-progress		105.72	830.32
Non-current investments	13	139.76	131.25
Long-term loans and advances	14	204.60	186.52
Other non-current assets	15	75.79	84.86
		<b>4278.92</b>	<b>3934.25</b>
<b>Current Assets</b>			
Current investments	16	15.02	9.01
Inventories	17	872.52	875.03
Trade receivables	18	1402.71	1434.58
Cash and bank balances	19	139.43	190.58
Short-term loans and advances	20	625.80	451.44
Other current assets	21	10.16	8.93
		<b>3065.64</b>	<b>2969.57</b>
<b>TOTAL</b>		<b>7344.56</b>	<b>6903.82</b>
Significant Accounting Policies	1		

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

As per our report of even date

Dr. Raghupati Singhania  
Bharat Hari Singhania

Chairman & Managing Director  
Managing Director

For LODHA & CO.  
Chartered Accountants

A. K. KINRA  
Chief Financial Officer

Arvind Singh Mewar  
Bakul Jain  
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Dr. Wolfgang Holzbach  
Anshuman Singhania  
Arun K. Bajoria

Directors

N. K. LODHA  
Partner

P. K. RUSTAGI  
Company Secretary

New Delhi, the 16th May, 2016



# JK Tyre & Industries Limited

## Consolidated Profit and Loss Statement For the year ended 31st March, 2016

₹ in Crores (10 Million)

	Note No.	2015-2016	2014-2015
<b>Revenue from operations</b>			
Gross Sales & Operating Income	22	7637.63	8042.85
Less: Excise Duty		684.51	659.14
Net Sales & Operating Income		6953.12	7383.71
Other income	23	16.70	16.88
<b>Total Revenue [ I ]</b>		<b>6969.82</b>	<b>7400.59</b>
<b>Expenses</b>			
Cost of materials consumed	24	3789.32	4434.65
Purchases of Stock-in-Trade	25	73.98	53.70
(Increase) / decrease in inventories of finished goods, work-in-progress and stock-in-trade	26	6.13	83.23
Employee benefits expense	27	780.69	728.85
Other expenses	28	1161.50	1152.52
<b>Total [ II ]</b>		<b>5811.62</b>	<b>6452.95</b>
<b>Profit before Interest, Depreciation &amp; Tax (PBIDT) [ I - II ]</b>		<b>1158.20</b>	<b>947.64</b>
Finance costs	29	245.37	257.41
Depreciation and amortisation expense	30	196.11	157.77
<b>Profit before exceptional items and tax</b>		<b>716.72</b>	<b>532.46</b>
Exceptional Items	39	(47.76)	(46.91)
<b>Profit before tax</b>		<b>668.96</b>	<b>485.55</b>
Tax Expenses:			
- Current Tax		166.35	113.93
- Mat Credit Entitlement		(55.87)	(23.05)
- Deferred Tax		105.20	70.78
<b>Profit after tax</b>		<b>453.28</b>	<b>323.89</b>
<b>Share in Profits of Associates</b>		<b>10.52</b>	<b>5.77</b>
<b>Profit for the year</b>		<b>463.80</b>	<b>329.66</b>
<b>Earnings per share of ₹2 each</b>	40		
- Basic		20.45	15.68
- Diluted		20.45	14.80

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

As per our report of even date

Dr. Raghupati Singhania  
Bharat Hari Singhania

Chairman & Managing Director  
Managing Director

For LODHA & CO.  
Chartered Accountants

A. K. KINRA  
Chief Financial Officer

Arvind Singh Mewar  
Bakul Jain  
Shreekant Somany  
Smt. Sunanda Singhania  
Vimal Bhandari  
Kalpataru Tripathy  
Dr. Wolfgang Holzbach  
Anshuman Singhania  
Arun K. Bajoria

Directors

N. K. LODHA  
Partner

P. K. RUSTAGI  
Company Secretary

New Delhi, the 16th May, 2016

# Notes to Consolidated financial statements

## 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 31.03.2016:

### i) Subsidiaries:

Name	Proportion of ownership interest
J. K. International Ltd., U.K	100%
J. K. Asia Pacific Ltd., Hong Kong	100%
J. K. Asia Pacific (S) Pte Ltd., Singapore	100%
Natext Biosciences Pvt. Ltd., India (w.e.f. 30th Jun, 2015)	100%
Lankros Holdings Ltd., Cyprus	100%
Sarvi Holdings Switzerland AG., Switzerland	100%
JK Tornel S.A. de C.V., Mexico	99.96%
Comercializadora América Universal, S.A. de C.V., Mexico	99.96%
Compañía Hulera Tacuba, S.A. de C.V., Mexico	99.96%
Compañía Hulera Tornel, S.A. de C.V., Mexico	99.96%
Compañía Inmobiliaria Norida, S.A. de C.V., Mexico	99.96%
General de Inmuebles Industriales, S.A. de C.V., Mexico	99.96%
Gintor Administración, S.A. de C.V., Mexico	99.96%
Hules y Procesos Tornel, S.A. de C.V., Mexico	99.96%

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

### ii) Associates:

Name	Status	Ownership Interest
Valiant Pacific LLC., UAE	Audited	49.00%
Florence Investech Limited, India	Audited	32.29%
Dwarkesh Energy Limited, India	Audited	35.00%

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

- 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.

## Notes to Consolidated financial statements

### NOTE - 1 PRINCIPLES OF CONSOLIDATION (Contd.)

- 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 accounts of J. K. International Ltd. are exempt from Audit.
- g) 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.
- h) 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.
- i) 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.

		₹ in Crores (10 Million)	
		As at 31.03.2016	As at 31.03.2015
<b>NOTE - 2 SHARE CAPITAL</b>			
<b>Authorised:</b>			
Equity Shares - 62,50,00,000 of ₹2 each		125.00	125.00
14% Cumulative Redeemable Preference Shares - 7,00,000 of ₹100 each		7.00	7.00
Preference Shares - 48,00,000 of ₹100 each		48.00	48.00
		<b>180.00</b>	<b>180.00</b>
<b>Issued, Subscribed and Paid up:</b>			
Equity Shares - 22,68,13,480 of ₹2 each fully paid up		45.36	45.36
(Previous Year: 22,68,13,480 Equity Shares of ₹2 each)		<b>45.36</b>	<b>45.36</b>

# Notes to Consolidated financial statements

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 3 RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
Opening Balance	99.83	152.51
Addition during the year (a)	(17.50)	(30.02)
Transfer during the year (b)	(20.76)	(22.66)
	61.57	99.83
	(c)	
<b>Capital Redemption Reserve</b>		
Opening Balance	7.00	7.00
	7.00	7.00
<b>Legal Reserve</b>		
Opening Balance	1.80	-
Addition during the year	5.81	1.80
	7.61	1.80
<b>Securities Premium Reserve</b>		
Opening Balance	262.88	217.70
Addition during the year	-	45.18
	262.88	262.88
		(d)
<b>Revaluation Reserve</b>		
Opening Balance	-	5.54
Transfer during the year	-	(5.54)
	-	-
		(e)
<b>General Reserve</b>		
Opening Balance	609.48	460.34
Addition during the year	150.00	150.00
Transfer during the year	(7.52)	(0.86)
	751.96	609.48
		(e)
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	(16.80)	(37.61)
Addition during the year	9.21	20.81
Transfer during the year	-	-
	(7.59)	(16.80)
<b>Surplus in Profit and Loss Statement</b>		
Opening Balance	391.46	238.21
Addition during the year	3.14	16.34
Transfer during the year	(14.65)	-
Addition during the year	463.80	329.66
Amount available for appropriation	843.75	584.21
<b>Appropriation:</b>		
Transfer to General Reserve	(150.00)	(150.00)
Transfer to Legal Reserve	(5.81)	(1.80)
Proposed Dividend @ ₹2.50 (Previous Year ₹1.50) per equity share	(56.70)	(34.02)
Corporate Dividend Tax	(11.55)	(6.93)
Closing Balance	619.69	391.46
<b>Total</b>	<b>1703.12</b>	<b>1355.65</b>

(a) Represents loss on reinstatement of net Capital Reserve on consolidation of ₹17.50 crores (Previous year: ₹30.02 crores) as at Balance Sheet date.

(b) Represents depreciation charge arising out of revaluation for foreign subsidiaries of ₹20.02 crores (Previous year: ₹22.66 crores) and ₹0.74 crore for assets sold / discarded.

(c) Capital Reserve at year end, includes ₹60.07 crores (Previous year: ₹98.33 crores) on Consolidation.

(d) The Company allotted 2,15,16,750 equity shares of ₹2 each at a premium of ₹21/- per share on preferential basis to the promoter group.

(e) Represents Nil (Previous Year: ₹5.54 crores) transfer from Revaluation Reserve to General Reserve. Also, the carrying amount of certain fixed assets, whose lives have expired as at previous year end, have been charged to General Reserve amounting to ₹7.52 crores (Previous year: ₹6.40 crores) net of deferred tax ₹3.98 crores (Previous year: ₹3.38 crores).

(f) Represents reserves of Associates on consolidation.

(g) Represents deferred tax provision for transition period upto previous year in respect of certain foreign subsidiaries.

## Notes to Consolidated financial statements

₹ in Crores (10 Million)

	Non Current		Current*	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 4 LONG-TERM BORROWINGS</b>				
<b>Secured Loans</b>				
Term Loans:				
- Financial Institutions	350.61	333.80	28.43	26.83
- Banks	1110.30	1063.89	165.07	141.35
Loan from Bank	-	-	-	50.00
	1460.91	1397.69	193.50	218.18
<b>Unsecured Loans</b>				
Term Loans From Others	24.52	32.69	8.17	8.17
Deferred Sales Tax	25.68	51.36	25.68	25.68
Fixed Deposits	47.32	21.86	12.46	13.33
	97.52	105.91	46.31	47.18
	1558.43	1503.60	239.81	265.36

\* Amount disclosed under the head "Other Current Laibilities" (Note No. 10).

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 5 DEFERRED TAX LIABILITIES (NET)</b>		
Deferred tax liability / (asset) are as under:		
1. Deferred Tax Liability related to Fixed Assets	523.51	352.45
2. Deferred Tax Assets		
(i) Expenses / Provision Allowable	87.22	32.63
(ii) Unabsorbed depreciation / Loss	0.78	88.00
3. Deferred Tax Liability / (Asset) - Net	435.51	319.82

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

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 6 OTHER LONG-TERM LIABILITIES</b>		
Trade Deposits & Others	306.54	330.11
	306.54	330.11

<b>NOTE - 7 LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits	78.69	80.57
	78.69	80.57



## Notes to Consolidated financial statements

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 8 SHORT-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Repayable on demand from Banks	1055.49	1048.06
	1055.49	1048.06
<b>Unsecured Loans</b>		
Fixed Deposits	7.58	2.34
Short-term Loans from Banks	48.20	155.42
	55.78	157.76
	1111.27	1205.82

<b>NOTE - 9 TRADE PAYABLES</b>		
Total outstanding dues of micro enterprises and small enterprises	1.50	1.55
Total outstanding dues of creditors other than micro enterprises and small enterprises	953.87	1052.98
	955.37	1054.53

<b>NOTE - 10 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term borrowings	239.81	265.36
Interest accrued but not due on borrowings	16.66	13.43
Unclaimed dividends #	0.86	0.71
Unclaimed / Uncollected Fixed Deposits and interest accrued thereon #	1.85	1.43
Others:		
- Government and Other Statutory Dues	156.76	151.99
- Other Payables	328.33	318.61
	744.27	751.53

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

<b>NOTE - 11 SHORT-TERM PROVISIONS</b>		
Provision for Employee Benefits	31.62	39.76
Others:		
- Provision for Taxation	306.13	176.12
- Proposed Dividend	56.70	34.02
- Provision for Corporate Dividend Tax	11.55	6.93
	406.00	256.83

# Notes to Consolidated financial statements

## NOTE - 12 FIXED ASSETS

₹ in Crores (10 Million)

Particulars	Gross Value					Depreciation / Amortisation					Net Value	
	As at 31.03.2015	Additions / Adjustments ^	Sales / Adjustments	Translation Adjustment @	As at 31.03.2016	Upto 31.03.2015	For the Year **	Sales / Adjustments	Translation Adjustment @	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
<b>(i) Tangible Assets</b>												
Land - Freehold	199.05	-	-	9.30	<b>189.75</b>	-	-	-	-	-	<b>189.75</b>	199.05
- Leasehold	10.61	-	0.01	-	<b>10.60</b>	1.43	0.11	-	-	<b>1.54</b>	<b>9.06</b>	9.18
Buildings *	673.73	205.37	-	9.32	<b>869.78</b>	174.90	19.63	-	3.97	<b>190.56</b>	<b>679.22</b>	498.83
Plant & Equipments	3858.02	1091.29	15.06	32.40	<b>4901.85</b>	1894.07	200.91	13.60	21.68	<b>2059.70</b>	<b>2842.15</b>	1963.95
Furniture and Fixtures	22.60	1.96	0.71	0.46	<b>23.39</b>	13.29	1.13	0.20	0.36	<b>13.86</b>	<b>9.53</b>	9.31
Office Equipments	23.73	3.50	0.53	0.59	<b>26.11</b>	19.56	2.47	0.38	0.58	<b>21.07</b>	<b>5.04</b>	4.17
Vehicles	28.29	7.83	5.97	0.24	<b>29.91</b>	11.48	3.37	3.02	0.18	<b>11.65</b>	<b>18.26</b>	16.81
	4816.03	1309.95	22.28	52.31	<b>6051.39</b>	2114.73	227.62	17.20	26.77	<b>2298.38</b>	<b>3753.01</b>	2701.30
Previous Year	4663.84	243.94	8.28	83.47	4816.03	1973.74	189.98	5.96	43.03	2114.73	2701.30	-
<b>(ii) Intangible Assets</b>												
Software #	11.78	0.05	-	-	<b>11.83</b>	11.78	0.01	-	-	<b>11.79</b>	<b>0.04</b>	-
	11.78	0.05	-	-	<b>11.83</b>	11.78	0.01	-	-	<b>11.79</b>	<b>0.04</b>	-
Previous Year	11.78	-	-	-	11.78	11.55	0.23	-	-	11.78	-	-

\* Buildings include ₹2.05 crores constructed on Leased Land and 32 shares held in co-operative housing societies.

\*\* Pursuant to adoption of useful lives of fixed assets as per Schedule II of the Companies Act, 2013 and in compliance with Notification No. GSR 627(E) dated 29.08.2014 during the current year, the useful lives have been assessed by a valuer, and accordingly, depreciation for the year is lower by ₹0.69 crore (Previous year: lower by ₹31.72 crores). After retaining residual value, the carrying amount of ₹11.50 crores (Previous year: ₹9.78 crores) of certain fixed assets, whose lives have expired as at previous year end, has been charged to General Reserve.

The depreciation charge of ₹20.02 crores arising out of revaluation for foreign subsidiaries has been debited to Capital Reserve.

# Being amortised over a period of 5 years.

@ Represents translation adjustments arising on consolidation of foreign subsidiaries.

^ Includes capitalisation of finance cost ₹15.11 crores and forex reinstatement ₹51.60 crores (Unamortised forex reinstatement as on 31.03.2016: ₹92.29 crores)

^ Government Subsidy of ₹6.37 crores is reduced from cost of Plant & Equipments.

Factory & Service buildings and Plant and Equipments 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 along with similar assets of Banmore plant. The revaluation of said assets of Jaykaygram and Banmore was further updated along with 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 ₹906.86 crores as at 31.03.2016 (Previous year: ₹939.37 crores) arising on revaluation.

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 13 NON-CURRENT INVESTMENTS (LONG-TERM) (Other than Trade)</b>		
Investment in Shares:		
Equity	<b>1.82</b>	4.35
Preference	<b>1.11</b>	7.12
Investment in associates *	<b>136.58</b>	119.53
Mutual Funds	<b>0.25</b>	0.25
Government Securities (₹25000; As at 31.03.2015: ₹25000)		
	<b>139.76</b>	131.25

\* Carrying amount of investment in associates includes ₹11.60 crores (Previous Year: ₹11.60 crores) towards Goodwill as well as Share of profits & reserves on consolidation.

# Notes to Consolidated financial statements

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 14 LONG-TERM LOANS &amp; ADVANCES</b> (Unsecured - Considered Good)		
Advances - Project related	19.78	58.86
Security Deposits with Government Authorities and Others	32.57	31.28
MAT Credit Entitlement	152.25	96.38
	<b>204.60</b>	<b>186.52</b>

<b>NOTE - 15 OTHER NON-CURRENT ASSETS</b> (Unsecured, Considered Good)		
Deferred Receivable	75.79	84.86
	<b>75.79</b>	<b>84.86</b>

<b>NOTE - 16 CURRENT INVESTMENTS</b>		
Investment in Preference Shares	15.02	9.01
	<b>15.02</b>	<b>9.01</b>

<b>NOTE - 17 INVENTORIES</b> (Valued at lower of cost or net realisable value)		
Raw Materials*	323.58	324.10
Work-in-Progress	67.10	68.04
Finished Goods**	416.23	416.45
Stock-in-trade	10.62	11.62
Stores and Spares	54.99	54.82
	<b>872.52</b>	<b>875.03</b>

\* Includes raw materials in transit ₹103.64 crores (Previous Year - ₹87.42 crores)

\*\* Includes finished goods in transit Nil (Previous Year - ₹4.90 crores)

<b>NOTE - 18 TRADE RECEIVABLES</b> (Unsecured)		
(a) Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	104.84	29.88
Doubtful	13.97	12.98
Less: Allowance for Bad and Doubtful debts	(13.97)	(12.98)
(b) Others (Considered Good)	1297.87	1404.70
	<b>1402.71</b>	<b>1434.58</b>

<b>NOTE - 19 CASH &amp; BANK BALANCES</b>		
(a) Cash and Cash Equivalents		
Balances with Banks:		
Current Accounts	39.89	35.55
Deposit Accounts	55.58	66.25
Remittances in transit and Cheques on hand	36.54	60.87
Cash on hand	0.16	0.16
	<b>132.17</b>	<b>162.83</b>
(b) Other Bank Balances		
Unclaimed Dividend Accounts	0.86	0.71
Deposit Accounts*	6.40	27.04
	<b>139.43</b>	<b>190.58</b>

\* Includes Deposit Repayment Reserve Account ₹5.00 crores (Previous Year: ₹4.75 crores), margin money under lien with banks against bank guarantees ₹1.40 crores (Previous Year: ₹1.29 crores) and temporary deployment of funds, pending its utilisation Nil (Previous Year: ₹21.00 crores).

## Notes to Consolidated financial statements

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 20 SHORT-TERM LOANS &amp; ADVANCES (Unsecured, Considered Good)</b>		
Balance with Government Authorities	246.26	220.77
Loans & advances to related parties	-	0.01
Prepaid Expenses	13.41	8.44
MAT Credit Entitlement	2.49	2.49
Income Tax Advance Payments	312.97	188.99
Other Advances	50.67	30.74
	<b>625.80</b>	<b>451.44</b>

<b>NOTE - 21 OTHER CURRENT ASSETS (Unsecured, Considered Good)</b>		
Interest Accrued on Investments	0.38	0.39
Deferred Receivable	9.07	8.54
Others	0.71	-
	<b>10.16</b>	<b>8.93</b>

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>NOTE - 22 REVENUE FROM OPERATIONS</b>		
Sale:		
Tyres & Tubes	7520.28	7939.88
Others	38.12	44.92
Royalty and others	4.09	2.19
Other operating revenues:		
Provision for earlier years written back	0.46	8.02
Miscellaneous Income*	74.68	47.84
	<b>7637.63</b>	<b>8042.85</b>

\* Includes Government Incentive of ₹42.92 crores (Previous Year: ₹22.26 crores)

<b>NOTE - 23 OTHER INCOME</b>		
Income from Long-term Investments		
- Dividends	0.03	0.18
- Interest	-	0.30
- Reversal of Provision for Diminution in value of Long-term Investments	0.10	-
- Profit / (Loss) on Sale of Investments	0.69	0.20
Other Interest Income	15.88	16.20
	<b>16.70</b>	<b>16.88</b>

<b>NOTE - 24 COST OF MATERIALS CONSUMED</b>		
Raw Material Consumed	3789.32	4434.65

<b>NOTE - 25 PURCHASES OF STOCK-IN-TRADE</b>		
Tyres	46.22	18.68
Tubes	1.21	1.07
Flaps	26.55	33.95
	<b>73.98</b>	<b>53.70</b>

# Notes to Consolidated financial statements

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>NOTE - 26 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	416.45	483.06
Work-in-Progress	68.04	71.96
Stock-in-Trade	11.62	20.52
	(A)	575.54
<b>Closing Stock</b>		
Finished Goods	416.23	416.45
Work-in-Progress	67.10	68.04
Stock-in-Trade	10.62	11.62
	(B)	496.11
(Increase) / Decrease in Stocks	(A-B)	79.43
Less: Adjustments for differential excise duty	(3.97)	(3.80)
Net (Increase) / Decrease in Stocks	6.13	83.23

<b>NOTE - 27 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	564.29	503.88
Contribution to Provident and other Funds	92.48	95.49
Employees' Welfare and other Benefits	123.92	129.48
	780.69	728.85

<b>NOTE - 28 OTHER EXPENSES</b>		
Conversion Charges	61.77	57.70
Consumption of Stores and spares	82.80	87.70
Power and Fuel	263.38	277.51
Rent	22.66	18.27
Lease Rent	20.24	20.32
Repairs to Buildings	6.77	10.38
Repairs to Machinery	29.75	43.17
Insurance	16.95	12.52
Rates & Taxes	12.14	16.76
Discount & Commission	94.65	69.09
Freight and Transportation	256.70	276.08
Advertisement and sales promotion	103.49	91.39
Bad Debts written off	1.74	-
Provision for Diminution in Value of Long-term Investments	-	0.05
Provision for Doubtful Debts / Advances	2.03	0.75
Corporate Social Responsibility Expenses	4.76	2.08
Miscellaneous Expenses	181.67	168.75
	1161.50	1152.52

<b>NOTE - 29 FINANCE COSTS</b>		
Interest Expenses	241.70	254.95
Other Borrowing Costs	3.67	2.46
	245.37	257.41



# Notes to Consolidated financial statements

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>NOTE - 30 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation and Amortisation	196.11	157.77
	196.11	157.77

## NOTE - 31

Estimated amount of contracts remaining to be executed on capital account ₹181.87 crores (Previous year: ₹474.28 crores).

## NOTE - 32

Contingent liabilities in respect of claims not accepted and not provided for ₹61.96 crores (Previous year: ₹44.21 crores), pertaining to Excise & Customs duty matters in appeal ₹8.41 crores, Service Tax matters ₹0.31 crores, Sales Tax matters in appeal ₹2.19 crores, Income Tax matters in appeal ₹2.83 crores & other matters ₹48.22 crores (Previous year: ₹8.41 crores, ₹0.04 crores, ₹2.14 crores, ₹2.97 crores & ₹30.65 crores respectively).

## NOTE - 33

Bills discounted with Banks outstanding Nil (Previous year: ₹8.06 crores).

## NOTE - 34

Debts over six months / Advances include ₹8.93 crores (Previous year: ₹8.95 crores), 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.

## NOTE - 35

In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.

## NOTE - 36

JKTSA has given Guarantee to a bank against counter indemnity from a body corporate in respect of non-fund based facilities outstanding at year end ₹10.86 crores (Previous year: ₹29.73 crores).

## NOTE - 37

The Company has worked out reversal of Modvat Credit availed on exports under Value Based Advance Licence in earlier years and reversed the same in accounts. Pursuant to special scheme announced by the Government, the Company has also paid interest on such reversals. Further, the Excise department has issued certain basis for reversal of Modvat, which is disputed and has been contested by the Company in a Writ Petition before the Hon'ble Delhi High Court and directions have been issued to treat the reversal already made by the Company as provisional.

## NOTE - 38

The Company has, pursuant to the approval granted by its Board of Directors in their meeting held on September 12, 2015, completed the acquisition of 64% shareholding in Cavendish Industries Limited (CIL) on April 13, 2016 for an amount of ₹448.05 crores. CIL has a tyre manufacturing plant at Laksar, Uttarakhand, where it manufactures a range of tyres, tubes and flaps. The remaining 36% shareholding in CIL has been acquired by Associates / Group Companies on the same date.

This strategic acquisition further strengthens JK Tyre's leadership position in Truck / Bus Radial segment. Furthermore, JK Tyre gets entry into the fast growing 2/3 wheeler segment.

## NOTE - 39

Exceptional items include net impact of unfavourable Foreign Exchange Rate fluctuation ₹34.98 crores (Previous Year: ₹44.79 crores), net gain on sale of certain assets ₹0.08 crore (Previous Year: ₹0.43 crore), and expenditure on VRS for the employees ₹12.86 crores (Previous Year: ₹2.55 crores).

# Notes to Consolidated financial statements

## NOTE - 40 Earnings Per Share (EPS)

	₹ in Crores (10 Million)	
	2015-2016	2014-2015
a. Profit for the year	463.80	329.66
b. Weighted average number of Equity Shares for Basic EPS	226813480	210189580
Add: Adjustment relating to Share Warrants	-	12500909
Weighted average number of Equity Shares for Diluted EPS	226813480	222690489
c. Earnings per share of ₹2 each		
- Basic	20.45	15.68
- Diluted	20.45	14.80

## NOTE - 41

Auditors of a subsidiary company J. K. Asia Pacific Limited have invited attention towards recoverability in respect of amount due Nil (Previous year: ₹0.91 crore equivalent HK\$ 1124838) from an associate company.

## NOTE - 42

Operating Lease has been entered into by JK Asia Pacific (S) Pte. Ltd. for a lock-in period of 2 years (rental payable ₹0.15 crore for FY 2016-17 and ₹0.09 crore for FY 2017-18).

## NOTE - 43 Related Parties

### a) Associates:

Hari Shankar Singhanian Elastomer and Tyre Research Institute (HASETRI)  
Valiant Pacific LLC. (VPL)  
Florence Investech Ltd. (FINVL)  
Dwarkesh Energy Ltd. (DEL)

### b) Key Management Personnel (KMP):

(i) Dr. Raghupati Singhanian	Chairman & Managing Director
(ii) Shri Bharat Hari Singhanian	Managing Director
(iii) Shri Vikrampati Singhanian (ceased to be a director w.e.f. 21st Jan, 2016)	Dy. Managing Director
(iv) Shri Anshuman Singhanian (director w.e.f. 16th Mar, 2016)	Whole Time Director
(v) Shri Swaroop Chand Sethi (ceased to be a director w.e.f. 15th May, 2015)	Whole Time Director
(vi) Shri Arun Kumar Bajoria	Director & President – International Operations
(vii) Shri Ashok Kumar Kinra	Chief Financial Officer
(viii) Shri Pawan Kumar Rustagi	Vice President (Legal) & Co. Secretary

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

JK Lakshmi Cement Ltd. (JKLC)  
J.K. Fenner (India) Ltd. (JKFIL) (ceased to be related w.e.f. 21st Jan, 2016)  
Nav Bharat Vanijya Ltd. (NBVL)

### d) Other Related Parties with which Company has transactions:

Bengal & Assam Company Ltd. (BACL) – Public company in which Directors of the Company are directors and hold more than two percent of its paid-up share capital  
Pushpawati Singhanian Research Institute for Liver, Renal & Digestive Diseases (PSRI) – Private company in which Directors are Directors & members  
Niyojit Properties Pvt. Ltd. (NPPL) - Private company in which a Director is member (ceased on 30th Mar, 2015 and subsequently became related w.e.f. 16th Mar, 2016)  
O.P. Khaitan & Co. (OPKC) – Firm in which Director was a partner (since deceased on 06th Dec, 2015)  
Shardul Amarchand Mangaldas & Co. (SAMC) – Firm in which Director is a partner (related w.e.f. 10th May, 2015)

## Notes to Consolidated financial statements

I. The following transactions were carried out with related parties in the ordinary course of business and on arm's length basis:

₹ in Crores (10 Million)

Nature of Transactions	Associates	Enterprise over which KMP is able to exercise Significant Influence	Other Related Parties	TOTAL
<b>Sale of Tyres to VPL &amp; JKLC</b>	<b>259.57</b>	<b>1.26</b>		<b>260.83</b>
Sale of Tyres to VPL & JKLC	(326.72)	(0.65)		(327.37)
Sale of Stores to HASETRI	(0.09)			(0.09)
<b>Sale of Capital Items to NBVL</b>		<b>0.01</b>		<b>0.01</b>
<b>Purchase of cement from JKLC - 0.19 &amp; Spares from JKFIL</b>		<b>0.22</b>		<b>0.22</b>
Purchase of cement from JKLC - 0.22 & Spares from JKFIL		(0.27)		(0.27)
<b>Purchase of Raw Material from VPL</b>	<b>88.82</b>			<b>88.82</b>
Purchase of Raw Material from VPL	(122.86)			(122.86)
<b>Purchase of Capital Items from NBVL</b>		<b>0.10</b>		<b>0.10</b>
<b>Sharing of Expenses received – HASETRI – 2.21, FINVL, JKFIL - 0.52, JKLC - 0.36, NBVL &amp; BACL</b>	<b>2.22</b>	<b>1.23</b>	<b>0.02</b>	<b>3.47</b>
Sharing of Expenses received – HASETRI, JKFIL - 0.77, JKLC – 0.36, NBVL & BACL	(1.78)	(1.48)	(0.02)	(3.28)
<b>Sharing of Expenses paid – NBVL – 8.83, JKFIL – 0.48, JKLC &amp; BACL</b>		<b>9.78</b>	<b>0.39</b>	<b>10.17</b>
Sharing of Expenses paid – JKFIL – 0.54, JKLC, NBVL – 8.56, BACL – 0.39 & NPPL		(9.56)	(0.43)	(9.99)
<b>Services Availed – HASETRI – 23.15, VPL, JKLC - 2.81, NBVL, SAMC – 1.54, PSRI – 0.02 &amp; OPKC</b>	<b>23.33</b>	<b>4.08</b>	<b>1.58</b>	<b>28.99</b>
Services Availed – HASETRI – 16.68, VPL, JKLC – 2.20, NBVL, OPKC – 0.09 & PSRI	(16.84)	(2.28)	(0.11)	(19.23)
<b>Services Rendered to VPL</b>	<b>2.64</b>			<b>2.64</b>
<b>Lease Rent paid to JKFIL</b>		<b>18.54</b>		<b>18.54</b>
Lease Rent paid to JKFIL		(23.16)		(23.16)
<b>Interest Income from JKFIL</b>		<b>6.98</b>		<b>6.98</b>
Interest Income from JKFIL		(9.35)		(9.35)
<b>Royalty income from VPL</b>	<b>1.45</b>			<b>1.45</b>
Royalty income from VPL	(2.19)			(2.19)
<b>Contribution to PSRI</b>			<b>2.00</b>	<b>2.00</b>
Contribution to PSRI			(6.00)	(6.00)
<b>Purchase of securities from NBVL</b>		<b>0.01</b>		<b>0.01</b>
Money received against Share Warrants	(4.29)		(20.92)	(25.21)
<b>Outstanding as at year end:</b>				
- Receivable:				
<b>VPL - 127.34, JKLC – 2.07, NBVL - 0.05 &amp; BACL - 0.39</b>	<b>127.34</b>	<b>2.12</b>	<b>0.39</b>	<b>129.85</b>
VPL - 132.34, JKLC - 2.05 & JKFIL - 93.48	(132.34)	(95.53)		(227.87)
<b>- Guarantee Given on behalf of VPL</b>	<b>10.86</b>			<b>10.86</b>
Guarantee Given on behalf of VPL	(29.73)			(29.73)

II. Remuneration paid to Key Management Personnel (KMP) for the year ₹60.06 crores (Previous year: ₹36.46 crores).

Proceeds received against Share warrants allotted to KMP Nil (Previous year: ₹1.53 crores).

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

# Notes to Consolidated financial statements

## NOTE - 44 Segment Information for the year ended 31st March, 2016

Information about Primary Geographical Segments:

₹ in Crores (10 Million)

Particulars	India		Mexico		Others		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>1. REVENUE</b>								
External Revenue from Operation	5880.67	6125.23	1102.16	1284.82	3.22	-	6986.05	7410.05
Inter segment Sales	(32.35)	(26.34)	-	-	(0.58)	-	(32.93)	(26.34)
Total Sales	5848.32	6098.89	1102.16	1284.82	2.64	-	6953.12	7383.71
Other Income	14.56	14.75	2.14	2.13	-	-	16.70	16.88
<b>Total Revenue</b>	<b>5862.88</b>	<b>6113.64</b>	<b>1104.30</b>	<b>1286.95</b>	<b>2.64</b>	<b>-</b>	<b>6969.82</b>	<b>7400.59</b>
<b>2. RESULT</b>								
Segment result (PBIT) before exceptional items	832.40	627.34	127.91	162.86	1.78	(0.33)	962.09	789.87
Finance Costs	229.03	240.80	16.33	16.61	0.01	-	245.37	257.41
<b>Profit / (Loss) before Exceptional Items</b>	<b>603.37</b>	<b>386.54</b>	<b>111.58</b>	<b>146.25</b>	<b>1.77</b>	<b>(0.33)</b>	<b>716.72</b>	<b>532.46</b>
Exceptional Items	(14.18)	(9.43)	(33.57)	(37.52)	(0.01)	0.04	(47.76)	(46.91)
<b>Profit / (Loss) before Tax</b>	<b>589.19</b>	<b>377.11</b>	<b>78.01</b>	<b>108.73</b>	<b>1.76</b>	<b>(0.29)</b>	<b>668.96</b>	<b>485.55</b>
Income Taxes	189.03	123.81	26.62	37.85	0.03	-	215.68	161.66
<b>Profit / (Loss) after Tax</b>	<b>400.16</b>	<b>253.30</b>	<b>51.39</b>	<b>70.88</b>	<b>1.73</b>	<b>(0.29)</b>	<b>453.28</b>	<b>323.89</b>
Share of Profit in Associates	10.28	2.17	-	-	0.24	3.60	10.52	5.77
<b>Net Profit</b>	<b>410.44</b>	<b>255.47</b>	<b>51.39</b>	<b>70.88</b>	<b>1.97</b>	<b>3.31</b>	<b>463.80</b>	<b>329.66</b>
<b>3. OTHER INFORMATION</b>								
Segment assets	6345.92	5858.83	935.28	986.29	63.36	58.70	7344.56	6903.82
Segment liabilities	4936.70	4792.48	659.08	709.89	0.30	0.44	5596.08	5502.81
Capital Expenditure	556.79	817.07	28.45	111.38	0.16	-	585.40	928.45
Depreciation	172.47	139.14	23.63	18.63	0.01	-	196.11	157.77
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" is not applicable.

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>NOTE - 45 RAW MATERIAL CONSUMED</b>		
Rubber	1974.48	2327.11
Reinforcement Material	691.04	747.79
Carbon Black	438.28	624.25
Chemicals	493.59	535.38
Others	191.93	200.12
	<b>3789.32</b>	<b>4434.65</b>

₹ in Crores (10 Million)

	As at 31.03.2016	As at 31.03.2015
<b>NOTE - 46 WORK-IN-PROGRESS</b>		
Compounds	29.25	33.96
Semi-finished Tyres	19.19	16.19
Others	18.66	17.89
	<b>67.10</b>	<b>68.04</b>

# Notes to Consolidated financial statements

## NOTE - 47 Consolidated Net assets and Share in Consolidated Profit & Loss:

₹ in Crores (10 Million)

Sl. No.	Name of the entity	Net Assets (i.e., total assets minus total liabilities)		Share in profit or loss	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>A</b>	<b>Parent</b>				
	JK Tyre & Industries Limited	78.47%	1372.13	86.35%	400.51
<b>B</b>	<b>Subsidiaries</b>				
(a)	<b>Indian</b>				
1	Natext Biosciences Private Ltd.	0.29%	5.03	-0.07%	(0.35)
(b)	<b>Foreign</b>				
1	J. K. International Ltd.	0.00%	0.01	-	-
2	J. K. Asia Pacific Ltd.	0.06%	1.00	0.00%	0.01
3	J. K. Asia Pacific (S) Pte. Ltd.	0.08%	1.49	0.09%	0.43
4	Lankros Holdings Ltd.	0.00%	-	0.13%	0.59
5	Sarvi Holdings Switzerland AG.	0.01%	0.10	0.15%	0.70
	<b>JK Tornel &amp; Its Subsidiaries</b>	<b>15.79%</b>	<b>276.20</b>	<b>11.09%</b>	<b>51.39</b>
6	JK Tornel S.A. de C.V. (JKTSA)	-7.96%	(139.23)	4.29%	19.91
7	Comercializadora América Universal, S.A. de C.V.	0.00%	0.08	0.01%	0.06
8	Compañía Hulera Tacuba, S.A. de C.V.	3.58%	62.53	0.50%	2.31
9	Compañía Hulera Tornel, S.A. de C.V.	14.36%	251.08	4.18%	19.40
10	Compañía Inmobiliaria Norida, S.A. de C.V.	5.50%	96.25	0.85%	3.92
11	General de Inmuebles Industriales, S.A. de C.V.	0.62%	10.93	0.43%	1.98
12	Gintor Administración, S.A. de C.V.	-0.61%	(10.62)	0.60%	2.77
13	Hules y Procesos Tornel, S.A. de C.V.	0.30%	5.18	0.23%	1.04
(c)	<b>Minority Interest is insignificant and immaterial, hence not considered.</b>				
<b>C</b>	<b>Associates</b> (Investment as per the equity method)				
(a)	<b>Indian</b>				
1	Hari Shankar Singhania Elastomer & Tyre Research Institute \$	-	-	-	-
2	Dwarkesh Energy Limited	0.00%	(0.05)	-0.01%	(0.03)
3	Florence Investech Limited	1.84%	32.11	2.22%	10.31
(b)	<b>Foreign</b>				
1	Valiant Pacific LLC	3.46%	60.46	0.05%	0.24
	<b>TOTAL</b>	<b>100.00%</b>	<b>1748.48</b>	<b>100.00%</b>	<b>463.80</b>

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



# Notes to Consolidated financial statements

## NOTE - 48

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

## NOTE - 49

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

## NOTE - 50

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

As per our report of even date

Dr. Raghupati Singhania  
Bharat Hari Singhania

*Chairman & Managing Director  
Managing Director*

For LODHA & CO.  
*Chartered Accountants*

A. K. KINRA  
*Chief Financial Officer*

Arvind Singh Mewar  
Bakul Jain  
Shreekant Somany  
Smt. Sunanda Singhania  
Vimal Bhandari  
Kalpataru Tripathy  
Dr. Wolfgang Holzbach  
Anshuman Singhania  
Arun K. Bajoria

*Directors*

N. K. LODHA  
*Partner*

P. K. RUSTAGI  
*Company Secretary*

New Delhi, the 16th May, 2016

# JK Tyre & Industries Limited

## Consolidated Cash Flow Statement For the year ended 31st March, 2016

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax	668.96	485.55
Adjustment for:		
Depreciation and Amortisation Expense	196.11	157.77
Finance Costs	245.37	257.41
(Profit) / Loss on sale of assets	(0.08)	(0.43)
Profit on sale of Investment	(0.69)	(0.20)
Provision / (Reversal of Provision) for diminution in value of Long-Term Investments	(0.10)	0.05
Provision for earlier years written back	(0.46)	(8.02)
Unrealised Foreign Exchange Fluctuation	25.82	35.25
Foreign Currency Translation gain / (loss) on Consolidation	6.03	4.27
Interest / Dividend Received	(15.91)	(16.68)
Provision for Doubtful Debts / Advances and Bad debts Written off	3.77	0.75
Operating Profit before working capital changes	1128.82	915.72
(Increase) / Decrease in Trade and Other Receivables	(30.24)	(183.09)
(Increase) / Decrease in Inventories	(9.45)	46.26
Increase / (Decrease) in Trade and other Payables	(25.87)	86.26
Cash generated from Operations	1063.26	865.15
Direct taxes (net)	(160.26)	(131.00)
<b>Net Cash from Operating activities</b>	<b>903.00</b>	<b>734.15</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(558.77)	(810.23)
Sale of Fixed Assets	12.96	10.61
Movement in Loans & Advances	(0.10)	0.71
Purchase of Investments	(0.06)	(1.00)
Redemption of Investment	3.37	10.29
Deposit Accounts with Banks	20.64	(27.04)
Interest Received	15.89	16.55
Dividend Received	0.03	0.18
<b>Net Cash used in Investing activities</b>	<b>(506.04)</b>	<b>(799.93)</b>

# Consolidated Cash Flow Statement

For the year ended 31st March, 2016

₹ in Crores (10 Million)

	2015-2016	2014-2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Money received against Share Warrants	-	37.11
Proceeds from borrowings	300.70	576.51
Repayment of borrowings	(431.64)	(323.63)
Finance Costs Paid	(250.49)	(267.19)
Dividend paid (including dividend tax)	(40.95)	(24.02)
<b>Net cash used in Financing activities</b>	<b>(422.38)</b>	<b>(1.22)</b>
Net increase / (decrease) in Cash and Cash Equivalents	(25.42)	(67.00)
Cash and Cash Equivalents as at the beginning of the year	162.83	235.60
Foreign Currency Translation gain / (loss) on Cash and Cash Equivalents	(5.24)	(5.77)
Cash and Cash Equivalents as at the end of the year	132.17	162.83
<b>Notes:</b>		
Cash and Cash Equivalents Include:		
- Cash, Cheques on hand and Remittances in transit	36.70	61.03
- Balances with Banks	100.71	107.57
- Unrealised Translation gain / (loss) on Foreign Currency balances	(5.24)	(5.77)
<b>Total</b>	<b>132.17</b>	<b>162.83</b>

As per our report of even date

Dr. Raghupati Singhania  
Bharat Hari Singhania

Chairman & Managing Director  
Managing Director

For LODHA & CO.  
Chartered Accountants

A. K. KINRA  
Chief Financial Officer

Arvind Singh Mewar  
Bakul Jain  
Shreekant Somany  
Smt. Sunanda Singhania  
Vimal Bhandari  
Kalpataru Tripathy  
Dr. Wolfgang Holzbach  
Anshuman Singhania  
Arun K. Bajoria

Directors

N. K. LODHA  
Partner

P. K. RUSTAGI  
Company Secretary

New Delhi, the 16th May, 2016

FORM AOC-I

Financial Information of Subsidiaries and associate companies  
(Pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Sl. No.	Name of Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency	Closing Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of Shareholding
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	J. K. International Ltd.	N.A	Pound	95.0893	1.76	(1.75)	0.01	0.01	-	-	-	-	-	-	100.00
2	J. K. Asia Pacific Ltd.	N.A	HKD \$	8.5338	1.71	0.23	2.06	2.06	1.03	0.99	0.01	-	0.01	-	100.00
3	J. K. Asia Pacific (S) Pte. Ltd.	N.A	SGD \$	49.0845	0.64	1.11	1.79	1.79	0.36	0.58	0.43	0.01	0.42	-	100.00
4	Natext Biosciences Private Ltd.	N.A	INR	N.A	1.50	(0.56)	5.29	5.29	-	0.27	(0.79)	(0.24)	(0.55)	-	100.00
5	Lankros Holdings Ltd.	N.A	Euro	75.1513	30.08	(0.24)	29.90	29.90	29.84	0.80	0.64	0.02	0.62	-	100.00
6	Sarvi Holdings Switzerland AG.	N.A	CHF	68.7432	44.00	(0.99)	43.17	43.17	42.92	0.91	0.71	-	0.71	-	100.00
7	JK Tomel S.A. de C.V. (JKTSA)	N.A	MXN PESO	3.8366	24.47	(125.05)	315.87	315.87	85.91	758.34	20.61	1.97	18.64	-	99.96
8	Comercializadora América Universal, S.A. de C.V.	N.A	MXN PESO	3.8366	0.02	3.21	3.23	3.23	-	0.06	0.06	-	0.06	-	99.96
9	Compañía Hulera Tacuba, S.A. de C.V.	N.A	MXN PESO	3.8366	0.38	46.28	77.22	77.22	-	6.22	2.83	0.58	2.25	-	99.96
10	Compañía Hulera Tomel, S.A. de C.V.	N.A	MXN PESO	3.8366	82.49	150.75	617.26	617.26	-	951.14	45.10	19.94	25.16	-	99.96
11	Compañía Inmobiliaria Norida, S.A. de C.V.	N.A	MXN PESO	3.8366	1.38	120.81	158.36	158.36	-	6.92	4.57	0.74	3.83	-	99.96
12	General de Inmuebles Industriales, S.A. de C.V.	N.A	MXN PESO	3.8366	0.04	30.47	39.66	39.66	-	3.70	2.31	0.38	1.93	-	99.96
13	Gintor Administración, S.A. de C.V.	N.A	MXN PESO	3.8366	0.01	11.23	25.13	25.13	-	37.41	4.73	2.03	2.70	-	99.96
14	Hules y Procesos Tomel, S.A. de C.V. (* ₹1918)	N.A	MXN PESO	3.8366	*	8.12	10.82	10.82	-	1.85	1.36	0.34	1.02	-	99.96

Notes

1. Name of subsidiaries which are yet to commence operations - N.A.
2. Name of Subsidiaries which have been liquidated or sold during the year - N.A.

**Part "B": Associates**

**Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associates**

₹ in Crores (10 Million)

Sl. No.	Name of Associates	Valiant Pacific LLC	HASETRI	Dwarkesh Energy Ltd.	Florence Investech Ltd.
1	Latest audited Balance Sheet Date	31.03.2016	31.03.2016	31.03.2016	31.03.2016
2	Share of Associates held by the Company on the year end				
	No. of Shares	147	24	1450000 *	1074994
	Amount of Investment in Associates	0.21	(₹ 2400)	11.35	32.50
	Extent of Holding %	49.00%	24.00%	33.38%	32.29%
3	Description of how there is significant influence	Holding > 20 %	Holding > 20 %	Holding > 20 %	Holding > 20 %
4	Reason why the Associate is not consolidated	N.A	HASTERI, an approved Scientific and Research Institute (a non-profit organisation) cannot be consolidated as the equity of the said Institute is not available for distribution.	N.A	N.A
5	Networth attributable to shareholding as per latest audited Balance Sheet	60.67	8.74 @	11.35	53.01
6	Profit / (Loss) for the year				
	Considered in Consolidation	0.24	-	(0.03)	10.31
	Not Considered in Consolidation	0.25	6.15	0.04	21.60

\* Includes 11,00,000 fully paid-up 7 % Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of ₹ 11 crores.

@ Not Considered in Consolidation

1. Name of Associates which are yet to commence operations - N.A.
2. Name of Associates which have been liquidated or sold during the year - N.A.

As per our report of even date

Dr. Raghupati Singhanian  
Bharat Hari Singhanian

Chairman & Managing Director  
Managing Director

A. K. KINRA  
Chief Financial Officer

Arvind Singh Mewar  
Bakul Jain  
Shreekant Somany  
Smt. Sunanda Singhanian  
Vimal Bhandari  
Kalpataru Tripathy  
Dr. Wolfgang Holzbach  
Anshuman Singhanian  
Arun K. Bajoria

Directors

P. K. RUSTAGI  
Company Secretary

New Delhi, the 16th May, 2016



**THE DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**(a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

Non-executive Directors: Shri Arvind Singh Mewar - 3.9, Shri Bakul Jain - 3.9, Shri Om Prakash Khaitan - 3.0 (Passed away on 6th December, 2015), Smt. Sunanda Singhanian - 3.9, Shri Kalpataru Tripathy - 3.9, Shri Vimal Bhandari - 3.9, Dr. Wolfgang Holzbach - 3.9. Shri Shreekant Somany was appointed as an Independent Director w.e.f. 16th March, 2016.

**Executive Directors:** Dr. Raghupati Singhanian, Chairman & Managing Director - 550.3, Shri Bharat Hari Singhanian, Managing Director - 442.9, Shri Vikrampati Singhanian, Deputy Managing Director - 395.0 (resigned w.e.f. the close of business hours on 20th January 2016), Shri S.C. Sethi, Whole-time Director - 7.6 (resigned w.e.f. the close of business hours on 14th May, 2015), Shri A.K. Bajoria, Director & President - International Operations - 108.2, Shri Anshuman Singhanian, Whole-time Director - 2.6 (appointed w.e.f. 16th March, 2016)

Information pertaining to Shri Om Prakash Khaitan, Shri Shreekant Somany, Shri Vikrampati Singhanian, Deputy Managing Director, Shri S.C. Sethi, Whole-time Director and Shri Anshuman Singhanian, Whole-time Director is for part of the year and the same is not comparable.

**(b) The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:**

Shri Arvind Singh Mewar-25.00%, Shri Bakul Jain - 25.00%, Shri Vimal Bhandari - 25.00%, Dr. Wolfgang Holzbach - 25.00%, Shri Kalpataru Tripathy - 25.00%,

Dr. Raghupati Singhanian, Chairman & Managing Director - 71.39%, Shri Bharat Hari Singhanian, Managing Director - 96.15%, Shri A.K. Bajoria, Director & President - International Operations - 13.85%, Shri A.K. Kinra, Chief Financial Officer - 36.81%, Shri P. K. Rustagi, Company Secretary - 27.27%. No commission was paid to Shri Shreekant Somany. Information pertaining to Shri Om Prakash Khaitan, Smt. Sunanda Singhanian, Shri Vikrampati Singhanian, Deputy Managing Director, Shri S.C. Sethi, Whole-time Director and Shri Anshuman Singhanian, Whole-time Director is for part of the year and the same is not comparable.

**(c) The percentage increase in the median remuneration of employees in the financial year: 15.7%**

**(d) The number of permanent employees on the rolls of the Company: 6,967**

**(e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** During F.Y. 2015-16, average increase in the salaries of employees other than the Managerial Personnel was 9.5% and increase for Managerial Personnel was 65.7%. Such increase was mainly attributable to increase in profits for the year by 59%, resulting in payment of higher commission.

**(f) Affirmation that the remuneration is as per the remuneration policy of the Company:** The Company affirms that the remuneration is as per the remuneration policy of the Company.

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