JK TYRE
& INDUSTRIES LTD.

JKTIL:SECTL:SE:2017 19th August 2017

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

Dear Sir(s),

Re. **Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Annual Report for the financial year ended 31st March 2017**

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 31st March 2017.

We may inform that the same has been approved and adopted in the 64th Annual General Meeting of the Company held on 4th August 2017 at Kankroli, Rajasthan.

Thanking You,

Yours' faithfully,
For JK Tyre & Industries Ltd.

(PK Rustagi)
Vice President (Legal) & Company Secretary
FCS:3815

Encl: As Above

BUILDING AN ENDURING COMPANY

ANNUAL REPORT 2016-2017

JK TYRE & INDUSTRIES LTD.

Contents

At JK Tyre, we are a passionate and tough company.

The industry conditions were challenging when we acquired Cavendish and associated manufacturing facilities in 2016-17.

Most sceptics thought that the company would have been managerially challenged in turning the losing plant around.

There was industry sluggishness. There was an increase in raw material costs. There was an increase in Chinese tyre imports. There was unprecedented uncertainty following the demonetisation.

And yet, JK Tyre turned the acquisition around within its first year.

Validating its extensive understanding of processes, branding and marketing.

The times may have been challenging but we are engaged in building an enduring company.

The year 2016-17 was difficult for the Indian tyre sector.

Seeing the challenging external environment, most companies in our position would have gone on the defensive.

At JK Tyre, we responded differently; we continued to do what we have always done.

Invested in the business; strengthened our fundamentals.

Building an enduring company.

Chennai tyre plant

Board of Directors

Left to right

DR. RAGHUPATI SINGHANIA
Chairman & Managing Director

BHARAT HARI SINGHANIA
Managing Director

KALPATARU TRIPATHY
Director

ARVIND SINGH MEWAR
Director

VIMAL BHANDARI
Director

BAKUL JAIN
Director

SUNANDA SINGHANIA
Director

SHREEKANT SOMANY
Director

ANSHUMAN SINGHANIA
Whole-time Director

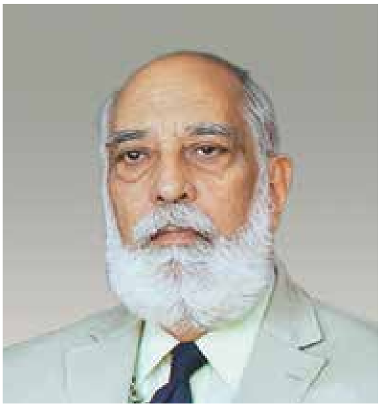
DR. WOLFGANG HOLZBACH
Director

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

VICE PRESIDENT (LEGAL) &
COMPANY SECRETARY
Pawan Kumar Rustagi

CIN: L67120RJ1951PLC045966

Website: www.jktyre.com

Building an enduring company

In 2016-17, India received a larger quantum of Chinese tyre imports.

JK Tyre increased the number of new product launches to 159.

In 2016-17, realisations stayed under pressure.

JK Tyre operated its manufacturing capacities at optimal costs.

In 2016-17, fuel costs increased.

JK Tyre increased the proportion of renewable energy in its fuel mix.

In 2016-17, demonetisation affected consumer sentiment.

JK Tyre widened cashless payment options.

In 2016-17, rising energy cost and water availability became major concerns.

JK Tyre added renewable energy sources and achieved world benchmarks in water consumption

Building an enduring company through sectoral outperformance.

%, estimated growth (by volume) of India's tyre sector
7
2016-17

%,JK Tyre's growth (by volume)
8
2016-17

%, estimated growth (volume) of India's truck and bus radial segment
8
(without imports), 2016-17

%, growth (volume) in JK Tyre's truck and bus radial segment
17
2016-17

%, radialisation of India's Truck/ Bus segment
46
2016-17

%, radialisation of JK Tyre India's Truck/Bus segment
55
2016-17

At JK Tyre, we are building an enduring company.

By being the first in whatever we do.

By doing more with less.

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
- First to launch Steel belted Radial Rear Farm tyres in India
- First to manufacture largest OTR tyre in India
- First to manufacture Truck Radial Racing tyres for Truck Racing in India

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

Technology
- First tyre company in India to install the 'On level Tyre Test Machine, generating real-time data in tyre testing
- First tyre company in India to install Anechoic chamber for noise measurement

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

Pioneering
- First Indian tyre company to manufacture and market radial tyres in India
- First Indian tyre company to launch an eco- friendly 'green' tyre

Knowledge
First Indian tyre company to commission an independent R&D centre – HASETRI (Hari Shankar Singhania Elastomer & Tyre Research Institute), a one-of-its-kind state-of-the-art R&D centre recognised under SIRO by DSIR, GoI.

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

Water
One of the world's lowest consumers of water per tonne of tyre manufactured

Manufacturing Excellence
The first tyre company in India to have verified carbon footprint as per IS-14064

Branding
- First Indian tyre company to be recognised as a Superbrand by global advertising professionals
- First company in India to have taken over an FIA-accredited racing series, the Formula BMW Asia

JK Tyre.

One of the most trusted brands in India and 105 countries.

And the only Superbrand in India's tyre sector.

Respected for industry foresight, cutting-edge technologies, manufacturing standards, customer service and responsible citizenship.

Brands

New products launched

159	121	63
2016-17	2015-16	2014-15

Market status

JK Tyre is one of the 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.

Presence

The company's manufacturing operations comprise 9 modern plants strategically located across the country – Mysore, Banmore, Kankroli , Chennai and Laksar (Haridwar) and 3 modern plants in Mexico.

JK Tyre has a wide geographic footprint across the country through its 141 selling points, which provides sales and service to customers and channel partners.

The company also markets products through 30 JK Tyre Truck Wheels (fully equipped tyre service centre), 230 JK Tyre Steel Wheels (exclusive passenger car tyre retail) and 11 JK Tyre Xpress Wheels for small towns & semi urban markets.

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 acquisition/joint ventures/strategic partnerships

Credit rating

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

- Long-term facilities: CARE AA-
- Short-term facilities: CARE A1+

Key institutional partners

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

Performance

Performance by geography (standalone)

- JK Tyre grew its domestic business 8% by volume following extensive marketing, distribution and branding initiatives.
- JK Tyre achieved exports of Rs. 631 cr.

Performance by financial consolidation

- Revenues were Rs. 8383 cr in 2016-17
- EBIDTA grew 5% to Rs. 1198 cr.

JK Tyre - The growth journey

1977

First Tyre Plant in Kankroli, Rajasthan

2008

Acquired Tornel plant in Mexico

2010

New OTR Plant in Mysuru

1991

Set up second tyre plant at Banmore, MP

1997

Acquired Vikrant Tyres Ltd. in Mysuru

1999

Started All Steel Truck radial manufacturing in Mysuru

2012

New plant in Chennai

2013/14

Major brownfield expansion in Chennai; completed in 2015-16

2016

Acquired Cavendish Industries Ltd. (CIL)

JK Tyre – Global Footprint

Own plants (12)

Outsourcing (1)

Marketing hub (8)

Presence in 105 countries across globe		
2016-17	USD mn	₹ Cr
From India	97	631
Global	145	935

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

“At JK Tyre, we are Future Ready and well positioned to capitalise on our wide range and the capacities that have been built up”

At JK Tyre, the year 2016-17 was eventful on account of a healthy growth of about 10% in our total income to Rs. 8,383 crore.

Dr Raghupati Singhania receiving Industry Leadership Award from Indo-American Chamber of Commerce

Dear Shareholders

At JK Tyre, the year 2016-17 was eventful on account of a healthy growth of about 10% in our total income to Rs. 8,383 crore.

By most measures, this represented a significant achievement considering several challenges facing the industry, including rising cheap Chinese imports, the demonetisation-related consumer slowdown, changes in emission norms that impacted the sales of commercial and large passenger vehicles and general economic sluggishness. However, despite respectable growth in our turnover, and unprecedented increase in the cost of natural rubber and other petro-based raw materials impacted our margins.

The focal point of the year was the acquisition of Cavendish Industries Limited (CIL) and its operational turnaround, which speaks volumes of our storied expertise in the tyre business.

JK Tyre & Industries Ltd. completed the acquisition of CIL in early 2016-17. Cavendish comprised three tyre manufacturing facilities of the Birla Group company, Kesoram Industries Ltd. The plants, located at Laskar (Haridwar), comprised a range of tyres, tubes and flaps with an installed capacity of 10 million tyres per annum, increasing the number of plants owned by JK Tyre to 12 (nine in India and three in Mexico) post-acquisition.

I am pleased to state that our bold decision to acquire CIL was justified when we successfully turned the plants around within the first year of acquisition. This turnaround was achieved through a judicious reduction in conversion costs led by workforce right-sizing, waste reduction and value engineering through leveraging our manufacturing expertise, despite a sharp rise in raw material resource costs. The workforce strength was optimised by a third; conversion costs were moderated by 40% between the first and the fourth quarter; wastage was reduced by as much as 60% in bias tyre manufacture and truck radial manufacturing production was sharply ramped-up.

The fact that we could achieve this in a plant where we had no prior exposure and in the 2/3 wheeler segment where we did not have any prior experience, only validates what we have always professed: that passion surmounts problems.

Importantly, the Cavendish units expanded our product basket, providing us with the access to 1.2 million units of truck radials, apart from Farm and other bias capacities. Significantly, we are optimistic of enhancing our market share in the two- and three-wheeler tyre segment with the access to this newly acquired capacity and also following the introduction of a new size of tyres. Going forward, this will open our presence in the high-growth 2/3 wheeler market segments.

The acquisition also enabled us to introduce a multi-tier product strategy in the truck segment through Cavendish's 'Challenger' brand that represents the value end of the market; with this, we are now fully present across the three major price points of the Indian truck industry – premium (through the JK Tyre brand), mid-tier (through the Vikrant brand) and value (through the Challenger brand). Being the first to launch truck radials in the country, we will be able to further reinforce our leadership position through a better and more comprehensive market coverage.

Lakshmipat Singhania – IIM, Lucknow National Leadership Award

At JK Tyre, business goes hand-in-hand with community responsibility and we believe one cannot be at the cost of the other.

To this product diversification, we also gave an impetus to our brand shop network expansion and geographic diversification by further streamlining and sharpening the visibility of our three formats – 'Truck Wheels' that exclusively retails truck tyres, 'Xpress Wheels' that represents a smaller shop format specific to the suburban markets that showcases and retails smaller tyres and also focuses on customer education and engagement and 'Steel Wheels' that is a chain exclusively for passenger vehicles and 2/3-wheeler tyres. With a thrust on 2/3 wheelers we appointed distributors for this segment and within a short period have been able to achieve pan-India coverage.

Beyond the acquisition, at JK Tyre, we sought to enhance our competitiveness by seeking to work better and generate much of our gains from within. The teams collaborated across plants to eliminate sub-optimal processes. The research and product development team accelerated product introductions to the highest in our existence. The manufacturing teams produced more with less, the most visible manifestation being a reduction in the quantum of energy and water consumed to some of the lowest levels in the world.

At JK Tyre, business goes hand-in-hand with community responsibility and we believe one cannot be at the cost of the other. At our Company, we are engaged in those areas that can create the maximum impact and these include healthcare, literacy, vocational training and water conservation. Over the past year, we would have positively impacted hundreds of thousands of lives and are happy to have emerged as active change agents.

I am optimistic about the future of JK Tyre. The ground realities are encouraging; the Indian economy appears to shrugging off the weakness following the 2016 demonetisation; the proposed GST implementation is expected to have a favourable outcome on the economy, which should, among other things, catalyse cross-state logistics movement that should translate into a large offtake of tyres; the prediction of a normal monsoon will raise rural incomes that could help the economy by fuelling demand for manufactured items.

At JK Tyre, we are well positioned to capitalise on these developments on account of a presence in every segment of the tyre industry, a competitive cost structure, the ability to capitalise on progressive radialisation on account of the largest capacity in the broadest market segment and an enhanced consumer awareness about quality that should translate into wider product acceptance.

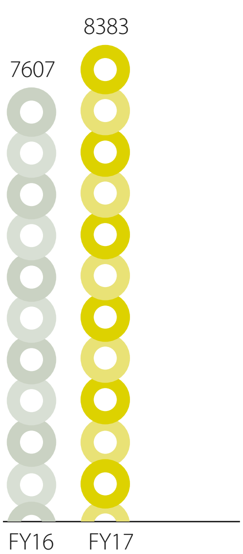
In conclusion, I would like to mention that we will build on the initiatives of what was a good 2016-17 even as we perceive 2017-18 to be more optimistic as we focus on creating consistent value-generating platforms for our shareholders.

With my best wishes,

Dr. Raghupati Singhania
Chairman and Managing Director

How we enhanced value in the last few years

(Based on consolidated figures)



Higher revenues

+776 (Rs. cr)

Definition

Sales growth without deducting excise duties.

Why we measure

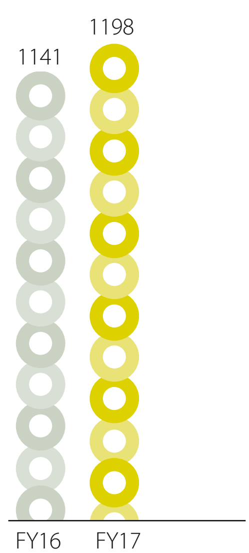
This measure reflects the result of our ability to understand market trends and service customers with corresponding products, superior technologies and efficient supply chain management.

Performance

Our aggregate income increased 10% per cent to Rs. 8383 cr in FY 17

Value impact

Creates a robust growth engine on which to build profits



EBIDTA

+57 (Rs. cr)

Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

Why we measure

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

Performance

The company reported a 5 per cent increase in its EBIDTA in FY 17 – an outcome of painstaking team efforts in improving operational efficiency.

Dr. Raghupati Singhania, Chairman & Managing Director was conferred, amongst others

Industry Leadership Award
by Indo-American Chamber of Commerce.

Listed in the list of – **100 Top CEOs**
of the Country by Business Today Magazine.

During the year under review, your company received several coveted awards for excellence in various following areas:-

FICCI Corporate Social Responsibility Award 2015-16
in recognition of commendable work done as a socially responsible company.

CII National HR Excellence Award, 2016
for significant achievement in HR excellence.

Chennai Tyre Plant was conferred **Platinum Category Award, 2016**
by Indian Green Building Council (IGBC).

Chennai Tyre Plant received **"Excellent Energy Efficient Unit"**
Award from CII during their 15th Energy Efficient Summit, 2016.

Brand Recognition

JK Tyre has been selected **'Superbrand 2016-17'** by Super Brand Council of India JK Tyre continues to be the First and Only Tyre Superbrand in India having been selected six times consecutively since 2004.

It has also once again been recognised as **Most Trusted Brand 2017** by Reader's Digest

JK Tornel Awarded with:

"Superbrand", 2015

One amongst **500 Most Important Companies** in Mexico for year 2015, 2016 and 2017 by Expansion Magazine

"Outstanding Quality Performance" certification in 2014 & 2015 as one of the top Original Equipment Suppliers by Fiat Chrysler Automobiles.

How we have strengthened business sustainability

In a challenging tyre manufacturing business, we strengthened our business model with the objective to generate multi-year growth across industry cycles.

The intangibles

Vision: JK Tyre is focused on emerging among the most respected tyre companies in the world. This desire has influenced the company's capital allocation, product selection, geographic presence, technology investment and renewable energy preference, establishing its respect as responsible corporate citizen.

Knowledge: JK Tyre is knowledge-driven, investing in research and development through three research units. The company invested an estimated Rs. 300 crore in R&D in the last ten years. In 2016-17, the company created a large single modern research campus in Mysore. The company has positioned itself as a technologist with deep resource material, design, aesthetic, structural and cost capabilities.

Visionary: JK Tyre pioneered radial tyres in India in 1977 (first to make radials for the entire range of truck/bus, LCV, passenger cars, MUV and tractors) introducing the radialisation trend in India.

Brand: Brand JK Tyre today stands for durability, dependability, safety & control which is demonstrated through its motorsport association. Today JK Tyre manufacturers speciality tyres for both car and truck racing.

Experiential: JK Tyre's brand shop network (JK Tyre Steel Wheels, JK Tyre Xpress Wheels and JK Tyre Truck Wheels) deliver value-added retail services across 141 points pan-India.

Solutions: JK Tyre offers end-to-end solutions to commercial vehicle customers. The company's fleet management program across the product life-cycle moderates cost per kilometre for customers.

Relationship-driven: JK Tyre's relationship-driven business model engages customers and people, resulting in retail product loyalty and enduring OEM relationships.

The tangibles

Technology: JK Tyre's cutting-edge technologies have translated into superior product quality, higher manufacturing efficiency and lower costs. The Chennai plant is of global standard, whose benchmarks have since been replicated across other facilities.

Product mix: Until 2010, 65 per cent of the company's revenues were derived from Bias tyres; which swang to 60 per cent from radial tyres in 2016-17. The company now offers the complete product complement and within each product category, the complete range.

Scale: JK Tyre is the third largest tyre manufacturer in India. The company is the first (and only) tyre company to have crossed the12.6 million Truck/Bus Radial tyre mark on roads.

Spread: The Company possesses a comprehensive product portfolio from the smallest tyres for two-wheeler to the largest tyres for earth-movers. The product range comprises tyres for truck/bus bias & radial, passenger cars, SUVs, light commercial vehicles and small commercial vehicles (both bias and radials), farm (including radials), industrial and speciality vehicle, off-the-road tyres for earth moving and construction equipment, racing cars and defence.

Global: JK Tyre acquired a manufacturing facility in Mexico, further strengthening its global sales footprint (105 countries). It got accreditations for quality certifications ISO 9001 & TS 16949 and other certifications like SA – 8000 for social accountability, ISO-27001 for Information Security Management System and Laboratory Management system ISO 17025 for tyre testing Labs.

The outcomes

Growth: The company's revenues grew from Rs. 6421 cr in 2010-11 to Rs. 8383 cr in 2016-17.

Fiscal discipline: The company progressively strengthened its terms of trade, leveraging its corporate brand and product integrity.

Acquisitions: The company enjoys an attractive acquisition and transformation record. It acquired Vikrant Tyre facilities in 1997, Tornel (Mexico) in 2008 and the Cavendish Unit in 2016. These units were turned around in first year of their operations.

Responsible: JK Tyre moderated its carbon footprint with the objective to manufacture 'green' tyres. As per Carbon Footprint Verification by BSI (British Standard Institution-India) as per ISO -14064 scope 1 &2, the carbon emissions of the company were comparable with the best global standards. The company is pursuing carbon neutrality as per PAS -2060 (Public Available Standards) through BSI-India.

At JK Tyre, people represent the cornerstone of our multi-decade competitiveness. Their passion, experience and knowledge have translated into our premier industry standing

196669 **Cumulative industry experience (person-years)**	**5.6 MCS & 2.1 WORKMEN** **Person-days of training, 2016-17**	**JK Tyre won CII National HR Excellence Award in the 'Significant Achievement in HR Excellence' category.**	**86%** **of employees with 3+ years within the company**

Overview

At JK Tyre, the Human Resource function represents the foundation of our respect, industry leadership and global competitiveness. We have accorded human resource management the highest priority, evolving it from a business support function into the core of the company's competitive strategy.

We recruit young and enthusiastic talent, blended with the rich experience derived across the decades. To this ferment we have added room for entrepreneurial thinking and initiative taking, making it possible for our employees to extend beyond the usual.

Competencies

At JK Tyre, we employ over 10,000 people across 12 manufacturing facilities; the team enjoyed an average age of 36;

Over the years, the company has demonstrated a commitment towards individual development, marked by an ongoing culture of training and skills replenishment. The result is a willingness to adapt one's role and mindset to rapid changes in the external environment. A progressive culture of business partnership has, over the years, translated into some of the highest manufacturing and operating standards in the world, strengthening the company's competitiveness.

Challenges

JK Tyre encountered a challenging workplace environment during the last few years. Increased competition translated into a premium in the need to retain intellectual capital, enhance plant and people productivity, and adapt proactively to a rapidly changing industry environment.

What we achieved, 2016-17

JK Tyre continued to invest in workplace environment with the objective to sustain its respect as one of the best places to work within the sector. On employee engagement, JK Tyre recorded a high score of 82% in a survey conducted by TNS, an international survey agency.

The workplace investment largely revolved around quicker and seamless employee communication resulting in collaborative working and informed decision-making. The company invested in diverse communication channels like webinars, webcast, digitisation of people processes etc.

The company continues to invest in talent management through a differentiated talent approach, succession and career planning to develop a leadership pipeline.

The Project Unatti for cross-functional team working strengthened the supply chain and sales effectiveness.

The company strengthened competence-based assessments and training programs for managers as well as skill-based training programs for operator personnel.

In an environment marked by employee attrition, the company is proud to report an increase in talent retention from 90% to 94%. The company reported improvements in people productivity.

Outlook

JK Tyre intends to sustain investments in people training, communication and support tools that enhance productivity with the objective to enhance workplace vibrancy and competitiveness.

36
Average age, 31 March 2017

Brand JK Tyre evokes trust and confidence among customers across segments and geographies.

JK Tyre rolled out the 10 millionth tyre

Overview

The Indian tyre market has been evolving on account of higher radialisation in the commercial segment, new vehicle models across all categories and a changing regulatory environment coupled with better road infrastructure. This led to fast-changing customer preferences. JK Tyre has always been ahead of the curve by anticipating customer needs. Its products and services enjoy the trust of customers – both consumers and channel partners.

Challenges

Marketing

The challenge was to retain our leadership in the Truck Bus Radial and take on competition from global brands and low-cost Chinese radials, which were freely available. In the PCR segment, the need was to enhance our retail presence across the diverse geographies of our country. JK Tyre entered the 2/3 wheeler segment for the first time and it was indeed a challenge to launch this product and establish the sales and distribution network in a short period.

Brand

In truck tyres, a new brand was required to address the needs of the value segment. In the PCR segment, which is the image driver, it was extremely important to drive premium brand imagery. In the 2/3 wheeler segment, it was imperative to create an association of JK Tyre in the minds of highly brand conscious consumer.

Competencies

Marketing

JK Tyre established a wide distribution network of its offices and Channel partners. Its various retail formats like "JK Tyre Truck Wheels" provide complete truck tyre solution while "JK Tyre Steel Wheels" which provide exclusive branded franchises for passenger tyres in metro and urban markets.

There was a large focus on customer and channel engagement.

Brand

Brand JK Tyre which is a recognised "SuperBrand" enjoys a high recall and evokes a feeling of trust within the customers. It enjoys rich heritage, which is associated with technology, R&D and presence in the OEM segment. No wonder customers feel that they are always in "TOTAL CONTROL" when their vehicles ride on JK Tyre.

Achievements, 2016-17

Marketing

In the truck segment, in an industry-first, JK Tyre introduced a unique 3 tier strategy which took the competition head-on and addressed customer needs ranging from premium to value. Customers could choose from JK Tyre, Vikrant and newly established "Challenger" range. New Truck Wheels were established across the country so that customers could derive superior value coupled with the Fleet Management Program and the JK Retread Franchises. During the year, 12 JK Retread centres were established to provide quality retreading.

In a landmark achievement, JK Tyre was the first and only Indian Company to roll out the 10 millionth truck/bus radial tyre

4000
Channel Partners marketing our products, 2016-17

JK Tyre conducted the eighth edition of National Fleet Conference – an annual platform attracting large number of key participants.

11
JK Tyre Xpress Wheels outlets launched in 2016-17

JK Tyre Steel Wheel outlet

in a glittering ceremony at the Vikrant Tyre Plant, Mysuru in August 2016.

In the PCR segment, aggressive retail expansion was the key focus area. JK Tyre Steel Wheels chain was rapidly expanded. For smaller towns new format Xpress Wheels was established. Special focus was made in helping our channel partners increase their cashless transactions through e-wallets like Paytm and credit cards. JK Tyre PCR products were made available to customers through OEM dealerships as well as online.

Market penetration was increased by an expanded retail presence at partner oil companies pumps.

In the 2/3 wheeler segment, in a short span of time, JK Tyre established a vast dealer and distributor network for this category. The distribution model helped the company penetrate interior markets. The premium 2 wheeler range branded as "BLAZE" was successfully launched across the country.

Brand

Brand building at JK Tyre is a continuous process with a 360 degree approach leading to higher levels of customer engagement. There was an emphasis on digital and social media with campaigns

Evolving numbers at JK Tyre

JK Tyre Steel Wheels outlets		JK Tyre Truck Wheels outlets	
150+	230+	23	30
2015-16	2016-17	2015-16	2016-17

Dr. Raghupati Singhania presenting the Indian Car of the Year Award 2017 to the senior management of Maruti Suzuki India Ltd.

like #bearanger (stop road rage) and #gobeyondlimits, which promoted experiential events to highlight product superiority. Outdoor promotion played an important role in building presence for our premium SUV tyres branded as "RANGER". Taking forward experiential marketing, product quality was successfully demonstrated through Audi Q Drive and Tata endurance drive events for passenger cars and Tata Motors 'T1 Prima Truck Racing Season 4 event for Truck tyres.

Outlook

Riding on stabilised inflation and with a huge government emphasis on road infrastructure development as well as 'Make in India', the outlook for the economy is positive with economic growth forecast in the range of 7-8%. The implementation of GST, likely to lead to benefits of an unified market, is expected to be a major economic stimulus.

Fleet Management is a JK Tyre initiative which offers added value to the organised fleets of the country. The program offers 360⁰ tyre care solutions to the fleets, which includes right tyre selection, technical consultancy, data management, training support and much more. It is one of a kind service bouquet that helps customers and ensures optimum cost per kilometre (CPKM). Over the years, Fleet Management has evolved as a game-changer for over 1200 fleets in the country by bringing operation efficiency to their business.

JK Tyre is investing deeper and wider in product and process technologies to reinforce its positioning around 'Tomorrow's products today'

Raghupati Singhania Centre of Excellence, Mysore, Karnataka

159 new products were developed to cater to growing global needs across product categories.	Introduced a new category addressing the 2- and 3-wheeler product range with a dual brand strategy and tubeless range.	Attractive growth in the Industrial product segment with a range of 43 products.	Introduced 47 new products in the Passenger and Light Truck Radial category comprising Ranger H/T, Ranger A/T and Blazze H/T.

Overview

The market environment is continuously evolving, marked by diverse pressures. On the one hand, competition substantially increased, price realisations turned sluggish, institutional customers became increasingly demanding, retail consumers sought a superior price-value proposition and, on the other hand gradually improving road network and, enhanced vehicle safety dictated unprecedented improvements in overall tyre performance.

Challenges

JK Tyre encountered a number of challenges in 2016-17. There was a need for capability enhancement to accelerate new product development and address market needs, especially in the standard and premium segment. There was a growing need to launch value-engineered products in the TBR and TBB segments with robust performance to counter increasing competition from low-priced Chinese imports.

The Company strategically introduced the multi-brand TBR range (from JK Tyre and the acquired Cavendish units) to enhance its replacement market share.

Being the last entrant in the 2/3 wheeler segment, a comprehensive product range with superior performance attributes was introduced.

The company aggressively focused towards global footprint through a wider range of OTR/FARM/Industrial products as well as a additional new range of TBR/LTR/SUV and PCR products concurrent with a zero-defect manufacturing focus. There was a premium in getting OEM approvals considering many new launches.

Strengths

Considering a wide product range (2/3 wheeler to ultra large OTR) and plans for enhanced participation in the domestic and global markets, JK Tyre developed 159 new products in 2016-17 as against 121 in previous year.

The company possesses comprehensive technology strengths, marked by strong R&D and product development capability and teams. The company is well equipped to develop and address advanced OE requirements. The company's portfolio was well received by the customers.

Over the years, the company invested in advanced predictive tools and capability marked by advanced indoor validation competencies, state-of-the-art manufacturing equipment, processes, systems and teams.

This helped the Company steadily enhance product performance, also by virtue of leveraging tools like FEA (Finite element Analysis) and optimising techniques. The company uses simulation techniques that accelerated product evaluation process and shrunk time-to-market.

The company continued collaborations with IITs and universities of international and national standing to accelerate usage of new raw material and development of rubber science and technology scientists for future.

Achievements, 2016-17

- Accelerated product development. New products were developed to cater to growing global needs across product categories.
- Introduced a new category addressing the 2- and 3-wheeler product range with a dual brand strategy and tubeless range.
- Developed value-engineered products in the TBB and TBR categories
- Introduced 47 new products in the Passenger and Light Truck Radial category comprising Ranger H/T, Ranger A/T and Blazze H/T.
- Attractive growth in the Industrial product segment with a range of 43 products.
- Reported a continuous reduction in manufacturing defects and best-ever claim loss.

The company also commissioned a centralised Global R&D centre in Mysore to strengthen synergies between the various technology and R&D groups. The company commissioned a task forces in each area around focused goals. The technology and R&D teams continue to engage in extensive customer contact programs in the domestic and global markets to understand customer needs better.

Our prominent launches, 2016-17

JK TYRE 2-Wheeler BLAZE

A new range tyres for the two-wheeler segment after rigorous ride and handling conditions on race tracks by professional race drivers, with built-in hybrid technology that can be used with a tube and tube-less. The overall design helps in improved grip, control and shuffling frequency in all-road conditions. Introduced for all popular scooter and motor cycle categories.

Elanzo Touring

After the successful launch of Ranger series of products for Highway/All terrain in the global markets, the company introduced yet another design called "Elanzo Touring" for MUVs.

The Company
commissioned task forces in each area around focused goals.

The Company
aggressively focused on a global footprint through a wider range of OTR/ Farm/Industrial products as well as a additional new range of TBR/LTR/SUV and PCR products concurrent with a zero-defect manufacturing focus.

Jet Racing - India's only truck racing tyre

Outlook

JK Tyre intends to sustain the development of technologies as well as customer-obsessed design and development. It expects to interact with OEMs to comprehend futuristic technologies and developments. The company will prioritise aesthetics, consistent quality and zero-defects. It will engage with global technology experts, enter into projects with renowned international institutions, develop superior value-engineered products, widen the product range to carve out a larger global footprint and enter into enduring relationships with OEMs and raw material suppliers.

Transforming the JK Tyre Supply Chain

The IT-enabled supply chain has improved visibility across the chain, reduced redundancy and increased efficiency.

JK Tyre used the best warehouse practices and know-how and successfully converted some of its warehouses into model warehouses.

JK Tyre at NASCAR, Mexico

Overview

In today's ultra-competitive age, an integrated and agile supply chain plays a crucial role in enhancing the company's viability and performance. JK Tyre has transformed its supply chain over the last year with numerous improvements to align with its mission of being a customer obsessed company.

Challenges

The acquisition of three plants and the addition of a new product category (2- and 3-wheelers) prioritised the need to use economies of scale and generate savings, while adhering to processes and quality. In addition to addressing the market volatility, ever-increasing product mix and numerous lot sizes; product availability for all segments (Replacement, OEM, STU, Defence, Export and Retread) was a key challenge. All these factors took a new turn with the phenomenon of demonetisation coming mid-year; the slowdown arising out of the demonetisation warranted a realignment of sales and inventories, making it imperative to strengthen the material distribution methodology.

There was a need to enhance end-to-end visibility across the supply chain, whether it was for just-in-time OE levels or export port inventories.

Strengths

The IT-enabled supply chain improved visibility across the chain, reduced redundancy and increased efficiency.

JK Tyre designed logistics, distribution channels and transportation keeping in mind the optimum use of energy and natural resources, managed through regional warehouses, just-in-time delivery and beat cycle for last mile deliveries. Team collaboration and cross functional approach lead to smooth operations.

Achievements, 2016-17

- JK Tyre strengthened its supply chain to address the growing needs of internal or external customers. To improve the customer experience, the company introduced a third party to interact with dealers on its behalf.
- The company IT-enabled the entire supply chain and the result was increased visibility and better planning, extensive use of SAP in OE just-in-time warehouses and export order management and fulfilment process being two of the many examples. Integrated mould management system was introduced across nine plants, enhancing mould utilisation. The company could reduce export port stock significantly. The company used the best warehouse practices and know-how, successfully converting some of its warehouses into model warehouses.
- An integrated and more efficient supply chain helped in increasing product availability for all segments and surpassing the global supply chain standards, while there was a substantial cost saving during the year.

Outlook

With new GST tax regime upcoming, JK Tyre intends to strengthen its supply chain leading to greater efficiencies, lower distribution overheads and optimisation of resources with a faster movement of goods.

At JK Tyre, we are extending deeper into international markets

JK Tyre has a manufacturing base in Mexico and a presence in the NAFTA Trade bloc.

Investment in building regional sales teams in International markets.

JK Tyre intends to enhance international sales in all markets with a focus on North, Central and South America, Middle East, West and East Africa and South East Asia

The JK Tyre brand has a strong foundation

JK Tyre Xpress Wheels

12% of the company's revenues derived from exports, 2016-17

105 Countries where the company's products are marketed

Overview

JK Tyre's products are marketed in 105 international markets generating 12% of revenues. The tyres exported are predominantly in the company's brand name i.e. JK Tyre, Vikrant and Tornel . The visibility of these brands in world markets has enhanced the global footprint of the company,

Challenges

JK Tyre faced several headwinds in 2016-17 :

- Dynamic geopolitical developments in the Middle East , Africa and South America.
- Continuing economic crises in several large markets.
- Rapid growth of Chinese and Asian radial tyres.

The above challenges were addressed during the year, creating new export opportunities.

Strengths

JK Tyre was able to effectively combat the challenges primarily due to the following realities:

- Strong foundation of the JK Tyre brand.
- Deep and entrenched customer relationships.
- Manufacturing base in Mexico and a presence in the NAFTA Trade bloc.

The Company expanded its range of high quality radial tyres, building sales on the foundation of the well-established JK tyre brand image. The presence of a manufacturing base in Mexico catalysed growth in the Latin American markets.

Achievements

In spite of challenges, JK Tyre forged ahead in the international markets, creating new avenues of growth. Some of the achievements comprised the following:

- Creating marketing hubs. i.e. Investment in building regional sales teams in the international markets.
- Development and supply of a new range of products for USA.
- Deeper sales thrust in Middle East, South East Asia and Africa.

Outlook

JK Tyre intends to enhance international sales in all markets with a focus on North, Central and South America, Middle East, West and East Africa and South East Asia

In addition to planning growth in radial tyres, the Company shall expand exports in the Off High Way and two-wheeler tyre segments.

At JK Tyre, we have reported resilient financials in the face of growing competition, an index of our competitiveness

The two-wheeler tyre launch at the Buddh International Circuit

JK Tyre enjoys a number of institutionalised strengths, enhancing corporate stability.

Introduced new products like the Ranger Series, UX Royale and Blaze that generated increased sales.

The company reported significant improvements in power, steam and water consumption

JK Tyre expects to ride a stronger economic rebound in 2017-18 following GST implementation

The newly launched two-wheeler tyre Blaze

Overview

In a competitive environment marked by sluggish global offtake on the one hand and cost increase on the other, there was a premium on the ability to be competitive across market cycles. At JK Tyre, we possess a credible Balance Sheet that makes it possible for the company to be viable across sectoral crests and troughs, an index of its business sustainability.

Challenges

The slow economic growth affected automobile offtake (especially commercial vehicles), which, in turn, affected tyre demand. A number of new capacities went on stream in India in the last 2-3 years (including tyre MNCs viz. Bridgestone, Michelin, Continental and Yokohama), which further intensified competition. Cheaper Chinese imports affected Indian competitiveness. There was an increase in input costs (power, coal and petrol) without a corresponding increase in realisations.

Strengths

JK Tyre enjoys a number of institutionalised strengths, enhancing corporate stability.

The company possesses established business processes across the manufacturing, marketing, supply chain etc. helping moderate costs and enhance efficiency.

A prudent investment in technologies, procurement efficiencies, debt mobilisation and scale economies, among other drivers, enhanced competitiveness, contributing to financial stability.

Achievements, 2016-17

JK Tyre emphasised continuous cost reduction through material substitutions and product weight rationalisation.

The company addressed 21% of its energy requirement through non-conventional sources.

The company moderated waste and scrap generation, saving costs; it introduced new products like the Ranger Series, UX Royale and Blaze that generated increased sales. The company reported continuous business process improvement in supply chain management; a strong distribution network catalysed sales and effective after sales service.

The company reported significant improvements in power, steam and water consumption parameters that moderated costs.

Outlook

JK Tyre expects to ride a stronger economic rebound in 2017-18, buoyancy arising from GST implementation, increasing rural sector demand, likely imposition of anti-dumping duties and increasing radialisation.

JK Tyre has invested in cutting-edge technologies with the objective to enhance manufacturing standards in line with the best global benchmarks

Our Chennai manufacturing show piece

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 a similar product mix.**	**Manned by qualified and extensively trained Diploma engineers**

Overview

JK Tyre is the third largest tyre manufacturer in India. The company's operations are spread across two countries – India and Mexico. Nearly 52 per cent of the company's manufacturing capacity was commissioned post-2010, incorporating state-of-the-art technology. The Company's Chennai manufacturing facility has features comparable to global standards in many specific areas.

Manufacturing challenges, 2016-17

In a business where manufacturing costs account for almost 65 per cent of total revenue and where a major part of manufacturing cost is incurred in raw materials and most resources are beyond the direct control of the company, there was a growing need to optimise efficiencies. The year under review proved to be challenging for the Indian tyre industry on account of increasing dumping and competition. At JK Tyre, there was a focus on optimising capacity utilisation at all locations. Equipment efficiency at all locations received enhance focus to maximise output with minimum cost. This methodology addresses the increase in cost (people and inputs) as well as synchronised production from all manufacturing locations to feed the pan-India presence of depots.

Strengths

JK Tyre's manufacturing facilities are state-of-the-art. Over the years, the Company has engaged in consistent training and development for employees. The Company's extensive MIS-driven environment strengthened its monitoring and review mechanisms. The concept of Smart Manufacturing was adopted to enhance process efficiency. Knowledge-sharing platforms converged manufacturing units into one common platform, which helped enhance operating standards closer to global benchmarks.

Achievements 2016-17

JK Tyre responded to diverse manufacturing challenges though a focus on capacity utilisation and maximum asset utilisation as well as efforts in energy conservation to improve people productivity and rationalise operating costs. Besides, the company received many awards and accolades in 2016-17, recognising the efforts in achieving new milestones. All efforts were maximised with the objective to enhance the aggregate value emerging from the interplay of Man-Material-Method-Machine. The results translated into continuous improvements.

JK Tyre is driving a range of planned low-cost automation across all manufacturing locations to enhance productivity. Through these efforts, productivity improved year-on-year. Innovative ideas of low-cost automation transformed the Company's oldest plant around modern and futuristic standards.

The company is committed to reduce process and material scrap. The result is that scrap generation was sustained below 1 per cent of material consumption, a global benchmark.

The company has been committed for years to energy conservation, waste reduction and water conservation. The Company is proud to share that specific water consumption was at the global sectoral benchmark . The Company reported a significant reduction in energy consumption, achieving a new milestone in energy consumption of the lowest GJ/Ton of finished goods in FY16-17, which stands among five best companies in the global sector. This also resulted in continuous drop in our carbon footprint year-on-year. The journey will continue with defined plants for ongoing improvement activities.

In a forward-looking initiative, JK Tyre invested in a renewable source of energy to achieve its goal of green and clean energy. The Company installed solar rooftop capacity in its plants, moderating energy costs.

Outlook

JK Tyre is optimistic of prospects following forecasts of monsoon revival and consequent economic rebound. The addition of a new product vertical (2/3 wheeler tyre) and initiation of anti-dumping measures against Chinese imports indicate a better scenario.

JK Tyre – Wide Product Range

At JK Tyre, CSR is giving back to society

Pushpawati Singhania Hospital and Research Institute, a multi-speciality hospital, New Delhi, co-promoted by JK Tyre

Giving back to the community is central to the culture of JK Tyre and we believe strongly that serving local communities is not only integral to running a business successfully, but is part of our individual responsibility as citizens of the world. Our CSR programs extend well beyond the legal compliance and instead of relying on cheque book driven charity, we prefer adopting a methodical approach to provide sustainable livelihood solutions to local communities. Our community development initiatives may largely be categorised across education, health, livelihoods & water conservation, wherein we emphasise the empowerment of communities and mainstreaming them.

The adult literacy program, running since year 2004 at all manufacturing locations of JK Tyre, has transformed the lives of

Health camp conducted in rural areas

more than 45,000 rural illiterate women. These women are now literate, may read and write with ease, do basic calculations, help their children in studies, started income generation activities and forged ahead with their head held high. The Adult literacy program at Central Prison, Mysuru, is a unique project and over the years this initiative helped 4,658 prison inmates become functionally literate.

JK Tyre adopted three Government ITIs under the PPP model to impart job-oriented quality vocational education for the benefit of more than 500 local students each academic year. This engagement enhanced the reputation of adopted ITI's, wherein campus interviews are conducted by reputed corporates providing almost 100 per cent employment to these students.

The tyre manufacturing plants of the company are located in remote areas, where adequate health services are not available. We have been engaged in providing quality health care services to the poor and marginal people. The project 'Parivartan,' initiated in 2004, provided better maternal and child health care services, significantly bringing down maternal and Infant mortality rates in the remote tribal areas of Kankroli, Rajasthan. Health camps and eye camps are also conducted on a regular basis to provide local communities better access to quality health care. Pushpawati Singhania Hospital and Research Institute, New Delhi, is a super specialty hospital co-promoted by JK Tyre for the well-being of common public following no profit- no loss philosophy.

In recent years, we observed an emerging need for Livelihood & Water conservation-based interventions in our project areas.

JK Tyre conducting a road safety campaign

In rural India, agriculture and livestock are the major sources of livelihood. We initiated agricultural & cattle breed improvement programs for enhancing farm & off-farm incomes of poor and marginal communities. Location specific and market oriented training on mobile repairing, motor winding, beautician, tailoring, etc. were imparted to unemployed youths to enhance their entrepreneurial and employability skills.

Water is at the core of sustainable development and critical for the existence of Industry and local communities. JK Tyre has achieved the distinction of being the lowest water consuming company and established newer benchmarks for water consumption in the Tyre industry globally. Taking a few steps further, the company initiated various water conservation initiatives to make local communities water-sufficient through mass awareness and implementation of sustainable water harvesting interventions. The focus is on building, reviving and maintaining water harvesting structures as well as implementing other measures, which help to reverse land degradation, provide critical irrigation and increase agricultural productivity. The whole program is planned, implemented and evaluated in a participatory way, where communities are not merely stakeholders but key drivers of the water conservation initiative. The major activities implemented under the water conservation program are mentioned below:

1. Farm bunding : Farm bunding in agricultural fields is a most widely practiced technique by farmers to check water runoff, control soil erosion and *in situ* moisture conservation. A total of 500 acres of farm bunding has been completed, which will

Improved agricultural practices for enhancing per unit production

Supporting rural sports

Training for socio-economic empowerment of rural women

arrest soil erosion, conserve soil moisture and help increase agricultural production.

2. Farm pond: Farm ponds are dug in a low lying area of agriculture field for harvesting the rain water, which would have otherwise been wasted due to surface run off. These water harvesting structures not only recharge the ground water but also provide 1-2 crucial protective irrigation during the *rabi* crop. Some 25 farm ponds have been excavated in nearby villages which would help conserve water and benefit farmers.

3. Earthen dam/ Tank: Earthen tanks are also meant to harvest rain water with large water storage capacity. Water tanks are constructed on community lands and benefit a large number of farmers by providing water for irrigation and also recharging ground water. Some 20 community water tanks, capable of harvesting a large amount of water, have been de-silted/ excavated, benefiting more than 5,000 farmers directly and indirectly.

4. Bore well Recharge & Soak pits: Bore-well recharge pits are a very effective way of harvesting ground water sustainably in the long run. While soak pits conserve unutilised waste water from water sources like hand pump, etc. many bore well recharge and soak pits have been created to help farmers and local communities.

Awards & Recognitions

The untiring, innovative and exemplary efforts of JK Tyre for community welfare have been appreciated and recognised at various forums.

1. An Appreciation plaque for commendable work in CSR during FICCI CSR Award 2016.

2. Ist UCCI Excellence CSR Award - 2017 for Outstanding Achievement in CSR.

3. Fame Excellence Award 2017 in Gold category for Best innovative CSR Project.

STATUTORY SECTION

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, 2017.

OPERATIONS

The year 2016-17 was an eventful one. Against the backdrop of robust macro-economic stability, the year was marked by two major domestic policy developments with far-reaching consequences: the passage of the Constitutional amendment, paving the way for implementing the transformational Goods and Services Tax (GST) and the demonetization of the two highest denomination currency notes following which 86% of the currency in circulation ceased to be legal tender. The latter moderated economic growth during the year under review.

The year also witnessed an unprecedented cost increase for the tyre industry, particularly natural rubber prices and other raw materials, which are essentially petro-based products, impacting production costs and margins.

The Company could partly abate the impact of this by widening its market reach, launch of new products across categories and improving operating efficiencies.

Your Company alongwith its subsidiaries JK Tornel, Mexico, and Cavendish Industries Ltd. (CIL), recorded a Consolidated Turnover of ₹8,383.28 Crores with Profit After Tax at ₹381.06 Crores.

On a standalone basis, the Company clocked a Turnover of ₹6,667.17 Crores. Profit after Tax for the year was ₹332.13 Crores.

During the year, the Company completed the acquisition of CIL. Consequent to this acquisition, the Company strengthened its leadership in the Truck/Bus Radials and entered the growing 2/3 Wheeler Tyre segment, participating in the entire range of product portfolio in the automotive tyre market. This substantial capacity acquisition makes the Company future-ready to capture growth in the Country's automotive sector.

It is heartening that operations of CIL turned around and the Company declared a profit in its very first year of operations after JK Tyre assumed management control. This is a yet another turnaround story in the history of JK Tyre, the first being Vikrant Tyres, followed by Tornel and CIL.

Technology is the backbone of Company's success; technology leadership resides at the core of its R&D activities. To sustain leadership, your Company created a hub of technology and continuous learning by setting up a new Centre of Excellence at Mysuru, with an outlay of ₹100 crores equipped with a state-of-the-art testing facility coupled with skilled and professionally-qualified scientists and engineers relocated from other campuses (Jaykaygram, Faridabad and Chennai).

GST is expected to create a common Indian market, improve tax compliance, governance, investment and growth. Following the expected launch of GST from 1st July 2017, declining demonetization impact and availability of enhanced capacities, the Company expects to report healthy growth.

AWARDS

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

- Awarded 'Super Brand' for 2016-17 by Super Brand Council of India for six times consecutively, since 2004.
- FICCI Corporate Social Responsibility Award 2015-16 in recognition of commendable work done as a socially responsible company.
- CII National HR Excellence Award, 2016 for significant achievement in HR excellence.
- Platinum Category Award, 2016 by Indian Green Building Council (IGBC) for the Chennai tyre plant.
- Excellent Energy Efficient Unit Award for the Chennai tyre plant from CII during the 15th Energy Efficient Summit, 2016.

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 2017. 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 ₹621.71 crores. The Directors propose this to be appropriated as under:

	(₹crores)
General Reserve	150.00
Surplus carried to Balance Sheet	471.71
Total	621.71

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return, as on 31st March 2017, 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 2017, 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

The members of the Company re-appointed Dr. Raghupati Singhania as Chairman & Managing Director and Shri Bharat Hari Singhania as Managing Director of the Company, for respective terms of five years commencing 1st October 2016, at the Annual General Meeting (AGM) held on 2nd September 2016.

The members also appointed Shri Anshuman Singhania, Whole-time Director and Shri Shreekant Somany, who were appointed as Additional Directors, as Directors liable to retire by rotation at the said AGM.

Shri Arun K. Bajoria, Director & President-International Operations, 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 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, Cavendish Industries Ltd. has become a subsidiary of the Company and Florence Investech Ltd. has ceased to be an Associate of the Company. Except this, no Company has become or ceased to be your Company's subsidiary or associate 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 2017 are: (a) accepted during the year - ₹51.92 crores; (b) remained unclaimed as at the end of the year - ₹1.83 crores; (c) default 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

In accordance with the provisions of the Companies Act, 2013 and rules thereunder, 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 AGM to be held in the year 2017. M/s Lodha & Co., will therefore, not be eligible for re-appointment as the Auditors of the Company at the forthcoming AGM. Accordingly, being eligible, appointment of M/s S. S. Kothari Mehta & Co., Chartered Accountants as Statutory Auditors of the Company is proposed, for a term of three years to hold office from the conclusion of the 64th AGM to be held in the year 2017 until the conclusion of 67th AGM to be held in the year 2020, subject to the approval of the Members at the AGM to be held in the year 2017 and further subject to ratification of the appointment by the members at the respective AGMs to be held in the subsequent years. The observations of the auditors in their report on accounts and the financial statements, read with the relevant notes, for the financial year ended 31st March 2017, 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 2016-17. 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 Cost Audit for the financial year ended 31st March 2016 was conducted by M/s R.J. Goel & Co., Cost Accountants, Delhi, and as required, the Cost Audit Report was duly filed with the Ministry of Corporate Affairs, Government of India. The Audit of the cost accounts of the Company for the financial year ended 31st March 2017 is also being conducted by the said firm.

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. Towards this end, the Company will continue responding to society's needs 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 a 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.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of business.

SUSTAINABILITY & BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Sustainability & Business Responsibility Report of the Company for the financial year ended 31st March 2017 in the prescribed format, giving an overview of the initiatives taken by the Company from an environmental, social and governance perspective is given in a separate section of the Annual Report and forms a part of it.

CORPORATE GOVERNANCE

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 five 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.

f) Dividend Distribution Policy.

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

15th May 2017
New Delhi

Dr. Raghupati Singhania
Chairman & Managing Director

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2017

[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@jkmail.com Website : www.jktyre.com
(vi)	Whether Listed Company	:	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. : 91-11-4254 1234; 23541234 Fax No. : 91-11-4154 3474 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.	Manufacture of Tyres, Tubes & Flaps	2211	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. Oakhurst House, 57 Ashbourne Road, Derby, Derbyshire DE22 3FS	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. Lampousas, 1 Nicosia 1095 Cyprus	Not Applicable	Subsidiary	100	2(87)
5	Sarvi Holdings Switzerland AG Acton Treuhand AG, Gotthardstrasse 28, Postfach 7163 CH – 6302 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)
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	Cavendish Industries Ltd. 7, Council House Street, Kolkata -700 001, West Bengal	U74900WB2015PLC204899	Subsidiary	80%	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held¤	Applicable Section
15	Natext Biosciences Private Ltd. 3, Bahadur Shah Zafar Marg, New Delhi -110 002	U24295DL2007PTC158104	Subsidiary	100	2(87)
16	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)
17	Hari Shankar Singhania Elastomer and Tyre Research Institute(HASETRI) Jaykaygram, P.O. Tyre Factory, Kankroli, Rajasthan	U73100RJ1991NPL006245	Associate	24*	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. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2016)				No. of Shares held at the end of the year (as on 31st March 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters **									
(1) Indian									
a) Individual/HUF	4374105	-	4374105	1.93	4374105	-	4374105	1.93	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	114343550	-	114343550	50.41	114343550	-	114343550	50.41	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1):-	**118717655**	**-**	**118717655**	**52.34**	**118717655**	**-**	**118717655**	**52.34**	**-**
(2) Foreign									
a) NRIs -Individuals	-		-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)**	**118717655**	**-**	**118717655**	**52.34**	**118717655**	**-**	**118717655**	**52.34**	**-**

** The total shareholding of Promoters at (A) above includes 6,20,59,560 Equity Shares (27.36%) as on 1st April 2016, and as on 31st March 2017, pertaining to constituents of the Promoter Group as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The same does not form part of the Promoters as defined in the Companies Act, 2013.

Category of Shareholders			No. of Shares held at the beginning of the year (as on 1st April 2016)				No. of Shares held at the end of the year (as on 31st March 2017)				% change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B.	Public Shareholding										
1.	Institutions										
	a)	Mutual Funds	47191	1260	48451	0.02	293465	4840	298305	0.13	0.11
	b)	Banks/FI	316823	240590	557413	0.25	238463	18160	256623	0.11	(0.13)
	c)	Central Govt.	-	-	-	-	455	-	455	-	-
	d)	State Govt. (s)	1427600	-	1427600	0.63	1427600	-	1427600	0.63	-
	e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
	f)	Insurance Companies	1981875	135	1982010	0.87	2481875	135	2482010	1.09	0.22
	g)	FIIs	21624774	-	21624774	9.53	26383524	-	26383524	11.63	2.10
	h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	i)	Others	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):-			**25398263**	**241985**	**25640248**	**11.30**	**30825382**	**23135**	**30848517**	**13.60**	**2.30**
2.	Non-Institutions										
	a)	Bodies Corp.									
	i)	Indian	17785183	21710	17806893	7.85	18884299	20515	18904814	8.33	0.48
	ii)	Overseas	17437500	-	17437500	7.69	17437500	-	17437500	7.69	-
	b)	Individuals									
	i)	Individual Shareholders holding nominal share capital upto ₹1 lakh	36251947	1700160	37952107	16.73	31971885	1614357	33586242	14.81	(1.92)
	ii)	Individual Shareholders holding nominal share capital in excess of ₹1 lakh	5641112	-	5641112	2.49	4628131	-	4628131	2.04	(0.45)
	c)	Others (specify)									
	i)	Clearing Members	573375	-	573375	0.25	728424	-	728424	0.32	0.07
	ii)	Foreign National	-	-	-	-	500	-	500	-	-
	iii)	Non-Resident Indians	2913950	122790	3036740	1.34	1631987	122790	1754777	0.77	(0.57)
	iv)	Trust	7850	-	7850	-	206920	-	206920	0.09	0.09
Sub-Total (B)(2):-			**80610917**	**1844660**	**82455577**	**36.35**	**75489646**	**1757662**	**77247308**	**34.06**	**(2.30)**
Total Public shareholding (B)=(B)(1)+(B)(2)			**106009180**	**2086645**	**108095825**	**47.66**	**106315028**	**1780797**	**108095825**	**47.66**	-
C.	Shares held by Custodian for GDRs & ADRs		-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)			**224726835**	**2086645**	**226813480**	**100.00**	**225032683**	**1780797**	**226813480**	**100.00**	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2016)			Shareholding at the end of the year (as on 31st March 2017)			% 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	Shri Bharat Hari Singhania	718325	0.32	-	718325	0.32	-	-
3	Dr. Raghupati Singhania	818990	0.36	-	818990	0.36	-	-
4	Shri Vikrampati Singhania	46530	0.02	-	46530	0.02	-	-
	Total	**56658095**	**24.98**	-	**56658095**	**24.98**	-	-

(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 2016)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	There is no change in the shareholdings of Promoters of the Company during the Financial Year 2016-17. For shareholding at the beginning of the year and at the end of the year, please refer to Table at (IV) (ii) above.			
	Date wise Increase/Decrease in Promoters Shareholding during the year				
	At the end of the year i.e., 31st March 2017				

(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 2016)		Shareholding at the end of the year (31st March 2017)	
		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	BMF Investments Ltd.*	7807500	3.44	25807500	11.38
3	Edgefield Securities Ltd.	17437500	7.69	17437500	7.69
4	Tasha Investment Advisors LLP	-	-	3364939	1.48
5	LSV Emerging Markets Equity Fund LP	2540900	1.12	2540900	1.12
6	Acadian Emerging Markets Small Cap Equity Fund LLC	2022999	0.89	2257276	0.99
7	Life Insurance Corporation of India	1980445	0.87	1980445	0.87
8	Ensign Peak Advisors, Inc	-	-	1951300	0.86
9	Ultima Finvest Ltd.	2886308	1.27	1850478	0.82
10	Morgan Stanley Mauritius Company Ltd.	-	-	1662791	0.73

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.

* Date of acquisition of 180,00,000 Equity Shares (7.93%) as informed by the acquirer to the Company is 6th March 2017.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Director and KMP	Shareholding at the beginning of the year (as on 1st April 2016)		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 2017			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 2017			6000	0.00
3	**Shri Shreekant Somany, Director**				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year				
	Market Purchases on:				
	8th June 2016 - 1,000 Equity Shares			1,000	0.00
	10th June 2016 - 1,500 Equity Shares			2,500	0.00
	13th June 2016 - 500 Equity Shares			3,000	0.00
	16th June 2016 - 500 Equity Shares			3,500	0.00
	20th June 2016 - 500 Equity Shares			4,000	0.00
	23rd June 2016 - 500 Equity Shares			4,500	0.00
	24th June 2016 - 2,500 Equity Shares			7,000	0.00
	At the end of the year i.e., 31st March 2017			7,000	0.00
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 2017			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 2017			718325	0.32
6	**Shri Anshuman Singhania, Whole-time Director**				
	At the beginning of the year	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 2017			43375	0.02
7	**Shri Arun K. 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 2017			500	0.00
8	**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 2017			250	0.00
9	**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 2017			1870	0.00

Note: Shri Arvind Singh Mewar, Shri Vimal Bhandari, Shri Kalpataru Tripathy 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 2016 and at the end of the year i.e., as on 31st March 2017. 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
Indebtedness at the beginning of the financial year (as on 1st April 2016)				
(i) Principal Amount	2,376.36	121.24	67.36	2,564.96
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	10.56	1.35	3.79	15.70
Total (i+ii+iii)	**2,386.92**	**122.59**	**71.15**	**2,580.66**
Change in indebtedness during the financial year				
• Addition	620.80	332.53	52.65	1,005.98
• Reduction	(145.89)	(29.59)	(20.25)	(195.73)
Net Change	**474.91**	**302.94**	**32.40**	**810.25**
Indebtedness at the end of the financial year (As on 31st March 2017)				
(i) Principal Amount	2,852.05	423.77	99.03	3,374.85
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	9.78	1.76	4.52	16.06
Total (i+ii+iii)	**2,861.83**	**425.53**	**103.55**	**3,390.91**

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 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	4.35	0.26	3.21	1.26	9.08
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.24	-	0.02	0.18	0.44
2	Commission - as % of profit	12.00	12.00	0.85	6.00	30.85
3	Others (mainly contribution to Provident Fund)	0.44	0.02	0.15	0.12	0.73
	Total (A)	**17.03**	**12.28**	**4.23**	**7.56**	**41.10**
	Ceiling as per the Act	₹44.79 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.)

B. Remuneration to other Directors:

(₹ Crores)

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Shri Arvind Singh Mewar	Shri Bakul Jain	Smt. Sunanda Singhania	Shri Shreekant Somany	Shri Vimal Bhandari	Shri Kalpataru Tripathy	Dr. Wolfgang Holzbach	
1	Independent Directors								
	• Fee for attending Board/ Committee Meetings	0.05	0.05	-	0.07	0.04	0.05	0.03	0.29
	• Commission	0.15	0.15	-	0.15	0.15	0.15	0.15	0.90
	Total (1)	0.20	0.20	-	0.22	0.19	0.20	0.18	1.19
2	Other Non-executive Directors								
	• Fee for attending Board/ Committee Meetings	-	-	0.02	-	-	-	-	0.02
	• Commission	-	-	0.15	-	-	-	-	0.15
	Total (2)	-	-	0.17	-	-	-	-	0.17
	Total(B)= (1+2)	0.20	0.20	0.17	0.22	0.19	0.20	0.18	1.36
	Total Managerial Remuneration ((A)+(B))								**42.46***
	Overall Ceiling as per the Act	₹49.27 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 ₹0.31 Crores.

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	1.01	2.16	3.17
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.01	0.12	0.13
2	Others (mainly contribution to Provident Fund)	-	0.07	0.07
	Total	**1.02**	**2.35**	**3.37**

(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 2017.

On behalf of the Board of Directors

15th May 2017
New Delhi

Dr. Raghupati Singhania
Chairman & Managing Director

CONSERVATION OF ENERGY, ETC.

A. ENERGY CONSERVATION

JK Tyre is committed to be a green and clean Company marked by sustainable resource use. The Company continued to emphasise energy conservation. Towards this end, JK Tyre achieved milestones in energy consumption. In FY 2016-17, JK Tyre achieved a total energy benchmark level of 10.3 GJ/Ton of production, among the five best in the sector worldwide. The efficiency of energy utilization in each manufacturing unit is monitored at the corporate level each quarter; necessary improvement initiatives are taken. Since JK Tyre is the first Indian tyre company to have certified CFV as per IS standard, the focus continues in minimizing greenhouse gas emission (27% reduction in emission over the last three years). Monitoring carbon footprint is a part of our commitment to society to create a better and safer environment for succeeding generations.

To improve usage on thermal energy a major initiative have been taken in one of our plants to replace highly energy inefficient hot water system with N_2 as cure media. This not only has resulted in cost efficiency but also has improved product consistency with reduced GHG footprint.

JK Tyre is setting a new benchmark in water consumption by achieving the milestone of 2.83 Ltr/Kg of production, an outcome of systematic initiatives over the last five years.

Efficient lighting system, rationalization of boiler capacity and redistribution of thermal energy are new initiatives to increase energy efficiency.

In addition to the 500 KW rooftop solar installation at the Vikrant Tyre plant, Mysuru, the Company installed a 3 MW solar rooftop capability in Chennai Tyre plant to address captive requirements. Solar and wind power account for 20% of Company's electricity consumption, a level likely to increase.

B. TECHNOLOGY ABSORPTION

a) Research & Development

i) Areas of R&D activities

Technological excellence through innovation and creativity have been the Company's focus for long.

In addition to activities for new product and process development, optimizing material use, energy conservation as well as waste and scrap reduction, the R&D team sharpened its focus around technology growth through innovation and sustainability.

The use of software-based predictive performance analysis and simulation studies will drive vertical engineering and facilitate a closer working with OE customers from the early design stages with the objective to provide superior products exceeding expectations.

The Company has invested in state-of-the-art experimental methods at laboratory scale to verify and validate software-based simulation results, measure parameters of influences affecting product performance and optimally supplement through extensive physical evaluation. This led to the introduction of innovative products (Challenger brand) with a competitive marketplace advantage.

ii) Expenditure on R&D

The R&D expenditure during the year was ₹57.01 Crores, which was 0.86% of the turnover.

b) Technology, Absorption and Innovation

i) Efforts towards Technology Absorption, Adaptation and Innovation

To compete with global giants and match their product performance, your Company's in-house R&D centre is keenly pursuing technology sustenance through self reliance. We are also engaging global experts in this field to support R&D endeavour. The R&D team is working in the field of advanced materials, alternate materials, 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) at IIT-Madras; Rubber Technology Centre, IIT Kharagpur, and major international raw material suppliers.

A team of competent, qualified and trained scientists, engineers and technologists are adopting the latest global technologies and best practices to improve productivity and quality of processes, products and services.

In addition, our in-house R&D team is continuously supporting the Satellite Product Development Centre in Mexico to service customers in the Americas (OEM and after-markets).

ii) The Company derived benefits as a result of these efforts in the areas of new product development, green technology, product performance improvement, cost optimization, improved product reliability, optimized material usage, waste and scrap reduction including water and energy conservation.

Key new product developments:

- 131 new products launched for the domestic and international markets (OE and replacement).
- Foray into 2/3 wheeler segment marked by the launch of 28 new products for the Indian market.
- Received OEM approvals for seven new tyres.
- New innovative products developed and launched (Challenger brand) to counter the onslaught of low-priced Chinese products.
- New TBR product line "Vikrant" launched in the TBR segment.
- PCR and TBR products for export markets were tested and approved for ECE – Reg 117, meeting rolling resistance, wet grip and noise limits specified by European regulations.

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

No technology was imported during the previous three financial years.

C. Export, Foreign Exchange Earnings and Outgo:

₹ Crores

	2016-17	2015-16
Export, Foreign Exchange Earnings	647.47	597.68
Foreign Exchange Outgo	1,441.42	1,441.53

On behalf of the Board of Directors

15th May 2017
New Delhi

Dr. Raghupati Singhania
Chairman & Managing Director

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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, 2017 (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, 2017 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;

  (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; and

  (c) Rubber Act, 1947 and Rubber Rules, 1955.

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

(i) 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 also 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:-

(1) Become Holding Company of Cavendish Industries Ltd. effective 13th April 2016; and

(2) Obtained Members' approval by means of a Special Resolution for further issue of securities specified in the resolution forming part of the postal ballot notice dated 28th December 2016, for an aggregate amount not exceeding ₹1,000 Crores.

Place: New Delhi
Date: 2nd May 2017

Namo Narain Agarwal
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.

'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, 2017 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.

Place: New Delhi
Date: 2nd May 2017

Namo Narain Agarwal
CP No. 3331; FCS No. 234

ANNUAL REPORT ON THE CSR ACTIVITIES UNDERTAKEN BY THE COMPANY DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2017

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 health care, 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 social development projects undertaken by the Company as per the CSR Policy are in the areas of livelihood enhancement, sanitation & health care, education, water conservation, road safety, 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:** ₹39,376.21 Lacs

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):** ₹787.52 Lacs

5. **Details of CSR spent during the financial year:**

   a. Total amount to be spent for financial year : ₹787.52 Lacs

   b. Amount unspent, if any : ₹352.02 Lacs

   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 programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs-wise (₹ in Lacs)	Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in Lacs)	Cumulative expenditure upto the reporting period (₹ in Lacs)	Amount Spent Direct or through implementing agency
1	Supporting Jeevan Kiran, Khushi Clinics & PLHIVs & awareness generation about HIV/ AIDS	Cl.(i) Promoting health care including preventive health care and sanitation and making available safe drinking water	Ludhiana & Chandigarh (Punjab); Rudrapur & Haridwar (Uttarakhand); Bhiwandi & Vashi (Maharashtra); Jaipur, Kankroli & Udaipur (Rajasthan); Gwalior (MP) & Mysuru (Karnataka)	62.50	65.62	65.62	TCI Foundation, Vatsalya Society, Credit I & Rajsamand Network of PLHIV
2	Regular Health Camps		Kankroli (Rajasthan); Banmore (MP); Mysuru (Karnataka) & Sriperumbudur (Tamil Nadu)	12.50	8.67	8.67	Mansa Karuna Trust & Direct
3	Safe Drinking Water & Sanitation		Kankroli (Rajasthan); Banmore (MP); Mysuru (Karnataka) & Sriperumbudur (Tamil Nadu)	91.00	24.15	24.15	FINISH Society, MYKAPS, Gramalaya Charitable Trust & Direct
4	Parivartan Project		Kankroli (Rajasthan)	25.00	24.62	24.62	Direct

5	Adult Literacy Project	Cl. (ii) Promoting education including special education and employment enhancing vocation skills	Kankroli (Rajasthan); Banmore (MP) & Mysuru (Karnataka)	23.20	20.37	20.37	Direct
6	Support to Schools, ITI's & Educational Institutes		Kankroli (Rajasthan); Banmore (MP); Mysuru (Karnataka) & Sriperumbudur (Tamil Nadu)	13.25	14.21	14.21	Bhartiya Janseva Sansthan, SVRD Society & Direct
7	Road Safety Awareness Programmes		Kankroli (Rajasthan); Mysuru (Karnataka) & Delhi	27.00	18.66	18.66	TCI Foundation, Vatsalya Society, Credit I & Direct
8	Livestock Development through cattle breed improvement project	Cl.(ii) Promoting Livelihood enhancement projects Cl. (x) Rural development projects	Banmore (MP)	20.00	14.81	14.81	JK Trust
9	Livelihood enhancement & water conservation project	Cl (i) Eradicating hunger, poverty, making available safe drinking water Cl.(ii) Promoting Livelihood enhancement projects Cl. (iv) Conservation of natural resources	Kankroli (Rajasthan); Banmore (MP); Mysuru (Karnataka); Sriperumbudur (Tamil Nadu) & Delhi	181.50	124.15	124.15	Seva Mandir, CARD, BIRD-Karnataka, Hand in Hand, Vision India Foundation & PHDRD Foundation
10	Green Cover	Cl. (iv) Ensuring environmental sustainability and ecological balance	Kankroli (Rajasthan); Banmore (MP); Mysuru(Karnataka); Sriperumbudur (Tamil Nadu) & Delhi	50.30	58.04	58.04	Direct
11	Promoting Sports	Cl. (vii) Training to promote rural sports	Banmore (MP)	5.50	1.01	1.01	Direct
12	Infrastructure Development	Cl. (x) Rural development projects Cl. (vi) Measures for the benefit of armed forces veterans Cl. (iii) Setting up homes and hostels for women and orphans	Kankroli (Rajasthan); Banmore (MP); Mysuru (Karnataka); Sriperumbudur (Tamil Nadu) & Delhi	48.00	40.45	40.45	Direct
13	Administrative Expenses	5% of total CSR Expenditure			20.74	20.74	
	Total				**(1) 414.76** **(2) 20.74**	**435.50**	

6. **In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:**
   The Company spent ₹435.50 Lacs on CSR projects/programmes/activities (CSR projects) during the FY 2016-17. The identified CSR projects and on which implementation already commenced are continuing and the balance amount is budgeted to be spent during the FY 2017-18. As a socially responsible Company, we are committed to continue to play a larger role in the Country's sustainable development and in this backdrop, the Company is in the process of identifying certain key projects for implementing which can have larger social impact and make difference to the lives of the underprivileged on a prolonged basis.

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

Arun K. Bajoria
Director & President - International Operations

Dr. Raghupati Singhania
Chairman, CSR Committee

Date: 15th May 2017

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC & BUSINESS ENVIRONMENT

The year gone by was marked by significant developments both on the international and national fronts namely, Brexit, political changes in advanced economies, growing protectionism and domestic policy actions (the GST bill and demonetisation undertaken in November 2016). Despite these tectonic shifts, India continues to remain one of the fastest-growing economies in the world and has registered a growth of ~7 % in the year 2016-17. Healthy monsoons resulted in a record grain output. Overall inflation was brought under control and calibrated easing of interest rates initiated. Various reform measures undertaken by the Central Government to increase the level of exports following the projected increase in global growth are expected to give an impetus to the Indian economy in the long run.

INDIAN AUTOMOTIVE INDUSTRY

The automotive sector had its own set of regulatory challenges when it comes to migrating to BS-IV standards. This has also resulted in increased costs for most manufacturers. While the overall industry sales grew by over 5% there were variances across segments. The truck bus segment grew by over 2% and the light truck segment grew by 8%. The deceleration in small commercial vehicle slowed down to 1% In the passenger segment the trend of the last few years was maintained with passenger cars growing at nearly 6% and MUVs close to 30%. The compact SUV segment caught the fancy of consumers and witnessed many new releases as did crossover variants of compact cars. Another trend seen was the shift back to petrol engines even in the luxury segment with the National Green Tribunal coming down heavily on diesel engine vehicles.

Good monsoons aided the demand for tractors with sales rising by 16%. Two and three-wheelers registered a sales growth of over 4%. The outlook for 2017-18 remains positive.

TYRE INDUSTRY

The overall growth in domestic demand for 4 wheeler tyres was 7%. While truck/bus bias (TBB) segment continued to decline slowly, the truck/bus radial (TBR) segment recorded a growth of 8%. The TBR market for most part of the year reeled under the impact of low-cost Chinese imports. Chinese tyres constituted close to 92% of the total imports and accounted for a peak market share of 38%. The overall level of radialisation in truck/bus segment reached 46%. The passenger tyre segment grew steadily at 8%. In the light commercial segment, there was a substantial dip of 7% while the small commercial tyre demand witnessed a growth of 5%. In line with the upswing in the agricultural sector, farm tyres registered a growth of about 26%.

Demonetisation impacted the sale of the passenger radials, 2/3 wheelers, SCV/LCV and farm categories during Q3, which saw a slow revival in Q4. There was a temporary respite from Chinese dumping, as the unorganised tyre market was impacted due to demonetisation.

However, the continuing concern for the industry is that commodity prices of natural rubber, oil prices and consequentially all petro-based raw materials used in making of tyres, have gone up steeply, putting severe pressures on tyre manufacturers.

JK Tyres – Company overview

- Despite challenging conditions JK Tyre has sustained growth momentum with a 8% increase in overall volumes.
- JK Tyre completed the strategic acquisition of Cavendish Industries Ltd. to enable the consolidation of its leadership in the TBR segment
- In August 2016, JK Tyre rolled out its 10 millionth truck/bus radial at its Mysuru plant. This was an unparalleled feat in the Indian tyre segment.
- Entered the fast-growing scooter/motorcycle segment.
- A seamless cradle-to-grave tyre solution was offered to truck tyre customers through the expansion of the JK Tyre Truck Wheels and exclusive JK Retread centre network.
- Switched to electronic payments much ahead of the demonetisation initiative and also encouraged dealers to enroll via digital modes.

Brand recognition

- JK Tyre was selected as a 'Superbrand 2016-17' thereby becoming the first and only tyre Superbrand in India to have been selected six times consecutively, since 2004.
- JK Tyre was once again recognised as a 'Most Trusted Brand 2017' by Reader's Digest
- A 360º approach to brand building was undertaken which heightened customer engagement.
- Extended its digital media presence.

CATEGORY WISE BUSINESS OVERVIEW & INITIATIVES

Truck/Bus radials

Truck/Bus tyres is the single-largest category by value. JK Tyre's leadership in the truck/bus radial category was once again demonstrated with the rollout of the 10 millionth truck radial in Mysuru. Premium high performance TBRs such as JDE, JUH-5 and JUC-3 continued to enjoy customer preference during the year. JK Tyre further strengthened its presence in this segment by increasing its volumes by 17%. In a first-of-its-kind initiative, JK Tyre put in place, a multi-product, multi-brand, multi-tier strategy offering a complete range of products to customers as per their need both in truck bias as well as radial segments. The specially developed 'Challenger' range was introduced to cater to the value segment. In a short span of time, products like Challenger CDH and Challenger CUC became the customer's first-choice in this category. The Vikrant brand was leveraged to meet the needs of mid-range customers of truck radials, while the JK Tyre brand continued to enjoy its premier brand status.

Continuing significant presence in leading OEMS such as Tata Motors, Ashok Leyland, Eicher, Bharat Benz, Volvo, Mahindra, etc. bears testimony to the high quality of JK Tyre products and the customer preference it enjoys.

The customer interaction programme is an interactive platform for demonstrating products to truck radial buyers and a means of fostering two-way communication. An online module was introduced to enable better planning and more importantly carry out effective follow-up actions.

The pan-India network of JK Tyre truck wheels was rapidly expanded and stood at 30at the end of the year. These well-equipped centres provide complete tyre solutions in terms of wheel alignment, balancing, changing and repair.

JK Tyre's unique fleet management programme continues to provide customers with guidance on comprehensive tyre care practices thereby enabling them to derive superior value from the Company's products.

The CRM programmes JK Star and JK Badshah enable customers to avail multifarious benefits.

The constant dumping of low-cost Chinese radial tyres resulted in a steady decline of the overall TBB market. Nonetheless, the Company strengthened its presence in this segment with an increased sale of 7%. The Company believes that this segment continues to offer ample opportunities of growth and subsequently promoted high-performance premium products such as Jet R Xtra Miles and Jet L Miles. With a view to address the reviving mining sector, a special van campaign – Khadan Express – was conducted in relevant areas to promote JK Tyres. The Master Tyre Fitter campaign proved to be extremely successful in forging stronger ties with market influencers in this important segment.

Passenger tyres

The Company's passenger range of tyres led by high-performance UX Royale and UX-1 series for cars and Ranger series for SUVs enjoyed high customer preference. This high quality product portfolio ensured increase in PCR sale volume by 7.4% during the year. The network of retail outlets i.e. JK Tyre Steel Wheels which offer unique service experience to customers was further expanded to 230 across the country. To extend this experience to smaller towns and in suburban markets, a newly conceptualised chain of branded shops, Xpress Wheels, was launched, with 11 outlets established during the year.

For customers with premium cars, an experiential unique off-road drive was organised in collaboration with Audi India where customers were able to experience first-hand the performance of "Ranger" tyres fitted on Audi Q Series SUVs.

To enhance connect with customers buying tyres from automobile outlets, JK Tyres joined hands with Nissan and Renault adding to its existing tie-ups with Honda and GM.

Two and three-wheelers

JK Tyre entered this fast-growing segment by offering wide range of products catering to 80% of the market needs. 15 SKUs were introduced under the Challenger range for both motorcycles and scooters, and were received extremely well in the market.

This was followed by the introduction of Blaze – premium range of tyres in 14 SKUs. The two-wheeler "Blaze" tyres have been racetrack-tested and 100% run out-tested with hybrid technology and were unveiled at the prestigious Buddha International Circuit. These tyres offer a new kind of ride experience and a feel of total control to the drivers. Thus, two/ three-wheeler brand presence was established via a more than 10,000-strong retailer network. This enabled the Company to muster a 8.4% after market share within a short period of time.

Farm

A customer-centric approach has brought the Company closer to its customers. The specially-designed Ustaad programme was organised, where more than 4,000 mechanics helped promote the brand. This along with extensive advertising in the rural markets ensured a 25% growth in volumes during the year. The new premium Prithvi range of tyres was launched, which received immediate customer endorsement and appreciation.

Light and small commercial vehicles

In the LCV and SCV segments JK Tyre enjoys a prominent market presence thanks to its wide range of offerings. A new LCV radial, Jetway JUH5 was launched during the year which offered the highest mileage in its range. Likewise, in the LCV bias segment, new high-mileage tyres 'JET R Xtra Miles' and 'Jet One' were launched. Strengthening the segment further, Jumbo King was introduced in the SCV segment. LCV unions and stands were extensively involved in the promotion of these tyres.

Off the road and industrial tyres

JK Tyres enjoys the status of a leader in the OTR segment. During the year, Company clocked a 38% increase in sales in this segment. Extensive tyre care and maintenance workshops were conducted in collaboration with major partners at their sites. A specially-designed training programme was organised to enable OTR consumers to derive optimal value from the products they were buying.

A renewed thrust was laid on the industrial tyre segment by strengthening the product portfolio with products like Port Champion and Crane King for cranes and forklifts. JK Tyre also entered the OE segment and supplied tyres for TIL Hysta vehicles, a market leader in the segment. Additionally, special tyres were developed for various applications in road construction.

RETREADS BUSINESS

JK Tyre has always endeavoured to provide a comprehensive array of services to its customers by offering a complete package from new tyres to retreads to the fleet owners by providing original tread profiles for retreading of JK Tyres. This is part of JK Tyre's approach to offer cradle-to-grave solutions to its customers.

Keeping in mind changing marketplace scenarios, an exclusive network of JK Retread Centres has been operationalised by providing value-added services to customers and educates them on the advantages of retreading. At these centres, JK Tyre recommended retread practices are undertaken in order to increase tyre lives, resulting in lower cost per kilometre (CPKM). During the year, 12 JK Retread Centres were set up at various locations across the country. This integration of fleet management, truck wheels as well as retreading solutions will allow JK Tyre to offer a differentiated value proposition to the customers.

PETROLEUM CHANNEL

The Company laid a keen emphasis on developing alternate channels for market penetration and widening its customer base. Subsequently, an extensive petroleum channel network has been created which not only provides increased access to Company's various products, but also enhances brand visibility. The strategic alliance with oil companies i.e. Indian Oil, Hindustan Petroleum and Essar Oil enabled in the Company to foray into a number of small and thus far uncharted towns.

EXPORTS

The Company's exports encountered major geopolitical and economic challenges in the Middle East, Africa and Latin America. Brazil appeared to show some resurgence in the latter part of the year, although an appreciable increase in sales volumes is yet to materialise. During the year, exports stood at ₹630.86 crore having recorded an increase of 8.62% .

In order to meet these challenges, the Company adopted a multi-pronged strategy which entailed setting up of global marketing hubs, widening distribution channels, expanding its range of offerings and increasing the visibility of radial tyres through participation in trade expositions. As such, these initiatives are expected to pave the way for higher export volumes in the coming years.

MANUFACTURING EXCELLENCE

The Company's efforts towards achieving manufacturing excellence across all of its locations have been recognised at different forums by several institutions. Some of them include, Rajasthan Energy Conservation Award (RECA-2016), Copper Excellence Award for Energy Efficiency, National Energy Conservation Award-2016, among others. These awards and accolades bear testimony to the Company's commitment towards building a culture of sectoral benchmark-setting.

One of important resources i.e. energy which has direct linkage with cost and environment protection was a key priority for the Company and the management is glad to have delivered such noteworthy achievements during the fiscal. Today, JK Tyre's energy consumption levels are comparable with the best in the world and it's a benchmark-setter as far as water consumption is concerned. On the raw materials front, the Company's attempts at resource conservation have resulted in input-output ratios which are at par with the best in the business. JK Tyre has stringently complied with global carbon footprint standards (ISO14064) and has achieved a >25% reduction during the past three years. Manufacturing excellence is a continuous journey with no finishing lineand we are committed to create new goals with every passing year at JK Tyre.

FINANCIAL PERFORMANCE

Mentioned hereunder is a brief summary of the Company's performance for the financial year ended 31st March, 2017:

Particulars	Year ended		Year ended	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
	Standalone		Consolidated	
Turnover	6,667.17	65,32.55	8,383.28	7,606.98
Operating profit (PBIDT)	805.62	1,021.97	1,197.84	1,140.85
Finance costs	267.58	236.09	440.36	252.43
Profit before tax (PBT)	459.70	600.80	535.24	659.51
Tax expenses	127.57	176.31	155.42	202.72
Profit after tax (PAT)	332.13	424.49	381.06	467.31

The year witnessed an increase in input costs on account of an unprecedented surge in raw material prices (particularly natural rubber and petro products). This led to an increase in production costs which impacted operating margins. However, the impact of this was partly abated by improvement in operational efficiencies.

JK TORNEL

JK Tornel (Mexico) recorded a turnover of ₹1218.12 crore, clocking an impressive growth of 10.31 % over the previous year.

Despite a sharp devaluation of the Mexican peso (>20%) and a steep increase in the prices of raw materials, the Company achieved a PBT of ₹43.60 crore during 2016-17. The PCR expansion which was completed last year also helped boost volumes. The Company opened a sales office in the United States to cater to its expanding customer base in this region.

CAVENDISH INDUSTRIES LIMITED

During the year, JK Tyre completed the acquisition of holdings in CIL. Prior to this acquisition, the operations of CIL were shut down for several months. The Company deployed significant resources to restart operations. During the year, CIL achieved turnover worth ₹1171.28 crore and a PBT of ₹36.47 crore. It is heartening that CIL earned a profit in its very first year of operations after JK Tyre's takeover and emerged as yet another successful acquisition for JK Tyre after Vikrant Tyres and Tornel.

R & D AND TECHNOLOGY

R&D and technology play a key role in the Company's pursuit of growth by ensuring speedy development of new products. All R&D projects at JK Tyre aim to reduce environmental impact both at the manufacturing stage as well during the product life-cycle.

Your Company's in-house R&D centre works in the field of advanced materials, alternate materials, nanotechnology, process and product simulations, predictive technology, advanced tyre mechanics (including tyre characterisation, noise and vibration reduction) and other relevant areas in association with Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI), a premier scientific and industrial research organisation and RPS Centre of Excellence for Tyre & Vehicle Mechanics (under the aegis of IIT Madras). Innovation and creativity are the driving forces behind the R&D efforts of the Company.

To create an environment of learning and development, your company has set up a world-class "Centre of Excellenc" at Mysuru and relocated entire R&D activities at this Centre. This Centre is equipped with best-in-class testing facilities for R&D activities and is manned by a team of well-qualified scientists and engineers.

With renewed vigour, R&D team have taken up development of new products both for domestic and global markets. Last year, the R&D department facilitated the launch of 159 products and enabled the Company to retain its leadership in truck/bus radials segment and consolidate its presence in other categories.

MOTORSPORTS

The year in many ways proved to be a watershed year for JK Motorsports. The Company made a significant impression on young sports lovers by showcasing its events across the country in a bigger and bolder way. All the races were well-publicised via major newspapers and magazines.

While the well-established JK Tyre National Racing Championship was held for the 19th successive year, JK Tyre National Karting Championship entered its 13th year. Both are extremely popular on the racing circuit, with the karting championship providing a platform for youngsters to get into the sport and the national championship allowing the country's best racers to fine-tune their skills. A number of racers out of these have gone on to represent the country at the international level. JK Motorsports made its presence felt in various other formats across India: drag racing in Bengaluru, off-roading events in Arunachal Pradesh and

Chandigarh, the parliamentarians' rally in Delhi and a women's rally in Mumbai, among others. The Company is particularly proud of the JK Himalayan Drive which hosted its fifth edition this year and ventured two other countries: Bhutan and Nepal. It created a unique record by becoming the first tri-nation motor sports event in India.

The grand finale of the JK Tyre National Racing Championship was a stupendous success, attracting over 25,000 fans. A set of super bike races were also organised to mark JK Tyre's entry into the two-wheelers market.

The year of course began with the annual Arunachal Festival of Speed which saw a number of top racers pitting their skills against each other in a unique format. The year came to a close with us joining hands with Tata Motors' T1 Prima Truck Racing which exclusively showcased our truck radial tyres.

HUMAN RESOURCE DEVELOPMENT

At JK Tyre, we firmly believe that the real differentiator for business excellence is a company's human resource. High levels of engagement, passion for excellence coupled with sharp skills have allowed the Company to report sustained growth.

The Company has put in place meticulous learning and development programmes for employees at all levels. These include competency-based assessments and training schemes for operative personnel which are skill-based in nature. The Company fosters a culture of ongoing coaching and feedback for all employees. On-the-job development is part of the way JK Tyre works. These initiatives ensure a robust succession planning and minimise the ill-effects of talent attrition. By leveraging well-designed channels of communications such as monthly webcasts, town hall meetings and an employee portal, continuous dialogue is maintained with the people to gauge their aspirations, feelings and ensure high retention. 'Spotting and deploying talent' is what gives JK Tyre a competitive edge and is a true value creator for the Company.

In recognition of these HR development initiatives, the Company was bestowed with CII's National HR Excellence award.

RISKS AND CONCERNS

Risk is an integral and unavoidable component of business. In today's challenging and competitive environment, mitigating risks is imperative. Common risks include: regulations, competition, business risk, technology obsolescence, investments, and retention of talent.

Business risk, inter alia, further includes financial risk, political risk and legal risk. For managing risks more efficiently, the Company has identified key risks that can have a critical impact on the Company's performance. In nutshell, the Company has identified the following risks:

Economic risks

A weakened global economic environment or an increase in geopolitical tensions could impact the Company's export revenues. To counteract these pressures, the Company identifies markets which are relatively stable and makes every effort to enhance sales there. It also expands its product range in various segments and deploys new/additional sales and service teams.

The threat of Chinese import is defused to an extent by developing products to compete with Chinese tyres as well as pursuing governmental agencies to impose anti-dumping and safeguard duties.

Raw material shortage risks

The Company ensures raw material availability by entering into long-term tie-ups with major suppliers apart from continuously exploring new and alternative sources. It also keeps additional stocks for usage during lean periods apart from substituting materials which are in short supply.

Operational risks

Operational risks like equipment obsolescence, power and 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 exercises. The Company has also made significant investment in equipment modernisation.

In order to overcome any power shortages, the Company has installed power backups and made arrangements with various power generation companies to guarantee uninterrupted supply. To meet its water needs, the Company identifies alternative sources. In addition to rainwater harvesting, several measures are undertaken to further reduce water consumption levels.

Market risks

The Company makes continuous efforts towards expanding its network, forge tie-ups and launch new products. Furthermore, the Company lays a keen emphasis on demand creation, customer retention/growth and brand-building. The Company actively tracks demand on a real-time basis through automated connectivity with its dealer network. It has also launched an e-commerce platform to push 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 by leveraging innovation to enhance speed-to-market, continuously evaluating energy usage and shopfloor productivity parameters, benchmarking products with those of the best in the world and initiating timely capacity expansions. Furthermore, it continuously upgrades its facilities, hones skills of its employees and bolsters its infrastructure. There is also extensive usage of available knowledge through international experts/networks. Risk management forms an integral part of the business planning and review cycle at your Company. The Company's risk and control policy is designed to provide reasonable assurance that objectives are met by integrating management control into the daily operations, by ensuring compliance with legal requirements and by safeguarding the integrity of the Company's financial reporting and its related disclosures. It makes the management responsible for identifying critical business risks and implementing fit-for-purpose risk responses.

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 date is accurate and reliable. The internal control systems also ensure that the assets and the interest of the Company are well protected.

The internal audit is carried out through-out 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, expenditure 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 publically amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

At customer's doorstep

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 2017, of which four are Executive Directors and seven are Non-Executive Directors(NED); out of seven NED, six are Independent Directors(IND). Five Board Meetings were held during the twelve months period from 1st April 2016 to 31st March 2017 i.e., on 16th May 2016, 9th August 2016, 9th November 2016, 28th December 2016 and 9th February 2017. Attendance and other details as on 31st March 2017 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	5	Yes	7	4	2
Shri Arvind Singh Mewar Δ	IND	3	Yes	-	-	-
Shri Bakul Jain Δ	IND	4	Yes	4	3	1
Shri Shreekant Somany Δ	IND	5	No	6	2	-
Smt. Sunanda Singhania	NED	4	Yes	-	-	-
Shri Vimal Bhandari Δ	IND	5	Yes	7	4	2
Shri Kalpataru Tripathy Δ	IND	5	Yes	1	1	-
Dr. Wolfgang HolzbachΔ	IND	5	No	-	-	-
Shri Bharat Hari Singhania, Managing Director	Executive	5	Yes	4	1	-
Shri Anshuman Singhania, Whole-time Director	Executive	4	Yes	-	-	-
Shri Arun K. Bajoria, Director & President – International Operations	Executive	5	Yes	1	-	-

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).

$ 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.

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 2017 are: Shri Arvind Singh Mewar – Nil Shares, Shri Bakul Jain - 6,000 Shares, Shri Shreekant Somany - 7,000 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 provisions 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 9th February 2017. Shri Arvind Singh Mewar was unanimously elected as Chairman of the meeting and five 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/Familiarisation_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 2017.

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

Date of the Meeting	Number of Members attended
16th May 2016	4
9th August 2016	3
9th November 2016	3
9th February 2017	4

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

Name	Status	No. of Meetings attended
Shri Bakul Jain	Chairman	3
Shri A.S. Mewar	Member	3
Shri Shreekant Somany	Member	4
Shri Arun K. Bajoria	Member	4

All the Committee Meetings were attended by the Head of Finance Function, Head of Internal Audit, Company Secretary and the representative of Statutory Auditor. 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 the meetings and the number of Members attended are:

Date of the Meeting	Number of Members attended
16th May 2016	3
9th August 2016	2
9th November 2016	3
9th February 2017	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	Chairman	3
Shri Shreekant Somany	Member	4
Shri Arun K. Bajoria	Member	4

Shri PK Rustagi, Vice President (Legal) & Company Secretary is the Compliance Officer. During the financial year ended 31st March 2017, 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 has delegated the power of transfer of shares and related matters to a 'Share Transfer Committee'. 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 2017, 18 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 the number of Members attended are:

Date of the Meeting	Number of Members attended
16th May 2016	3
9th February 2017	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 Arvind Singh Mewar	Chairman	2
Shri Vimal Bhandari	Member	2
Shri Kalpataru Tripathy	Member	2

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 2017 to the following Executive Directors is as follows: Dr. Raghupati Singhania, Chairman & Managing Director ₹5.03 Crores plus ₹12.00 Crores payable as Commission; Shri Bharat Hari Singhania, Managing Director ₹0.28 Crores plus ₹12.00 Crores payable as Commission; Shri Arun K. Bajoria, Director & President - International Operations ₹3.38 Crores plus ₹0.85 Crores payable as Commission; Shri Anshuman Singhania, Whole-time Director ₹1.56 Crores plus ₹6.00 Crores payable as Commission. Payment of Commission was determined by the Board of Directors as per terms of appointment of each Executive Director. The Company does not have any Stock Option Scheme. For more details about components of remuneration, please refer to Form MGT -9, which forms part of the Directors' Report.

The tenure of office of the Chairman & Managing Director, Managing Director and Whole-time Director is five years from the respective dates of appointments and three years from the date of appointment in case of Director & President - International Operations. In the case of all Executive Directors, notice period is six months. Severance Fees for the Chairman & Managing Director and the Managing Director is equivalent to the 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 ₹0.31 Crores to all Non-executive Directors for attending the meetings of the Board and/or Committees thereof. In addition to sitting fees, commission was also payable to each Non-executive Director amounting to ₹0.15 Crores each, aggregating to ₹1.05 Crores, in accordance with the Special Resolution passed by the members of the Company at the Annual General Meeting held on 25th September 2014.

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
2013-14	Jaykaygram, PO-Tyre Factory, Kankroli- 313 342 (Rajasthan)	25.9.2014	3.00 P.M.
2014-15	Same as above	22.9.2015	11.30 A.M.
2015-16	Same as above	2.9.2016	11.30 A.M.

Details of the Special Resolution(SR) passed: Four SRs were passed at the AGM held in the year 2014, three SRs were passed at the respective AGMs held in the Year 2015 and 2016.

One SR was required to be put through postal ballot during the financial year ended 31st March 2017. The Company extended e-voting facility through Central Depository Services (India) Ltd. (CDSL), as an alternate for its Members to enable them to cast their vote electronically instead of dispatching physical postal ballot forms. Smt. Manisha Agrawal, Company Secretary in practice, was appointed as Scrutinizer for conducting the postal ballot/e-voting process. After receiving the Scrutinizer's Report, it was announced that the Special Resolution was passed with requisite majority on 4th February 2017, for issuing securities specified in the said Resolution in one or more tranches, for an aggregate amount not exceeding ₹1,000 Crores. The voting pattern on the said resolution is as under:

% of total valid votes cast in favour of the Resolution: 87.31%
% of total valid votes cast against the Resolution: 12.69%

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 Ind AS 24 – 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 workplaces 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 Director & President - International Operations, 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.

(viii) **Corporate Social Responsibility Committee:** The Company has a 'Corporate Social Responsibility Committee of Directors' which comprises of three Directors out of which one is Independent and two are Executive Directors. The composition and the role of the Committee are in conformity with the provisions of Section 135 of the Companies Act, 2013. Two Meetings of the Committee were held during the financial year ended 31st March 2017 i.e., on 16th May 2016 and on 9th November 2016. Dr. Raghupati Singhania (Chairman of the Committee) and Shri Arun K. Bajoria (Member) attended both the Meetings and Shri Arvind Singh Mewar (Member) attended one Meeting.

(ix) **Dividend Distribution Policy:** The Board at its meeting held on 9th February 2017 has formulated Dividend Distribution Policy as per the requirements of the Listing Regulations. The Policy is as follows:

1) PREAMBLE

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") require the top 500 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy in the Annual Report and on the Corporate Website.

Accordingly the Board of Directors of the Company has approved the Dividend Distribution Policy of the Company at its meeting held on 9th February, 2017.

2) OBJECTIVE

The objective of this Policy is to provide a broad Dividend Distribution Framework to all the Stakeholders of the Company.

The Board shall refer to the guidelines laid out in this Dividend Distribution Policy while announcing any Dividend in a Financial Year keeping in mind the provisions of the Companies Act 2013 & Rules made therein & other applicable legal procedures.

The Company currently has only one Class of Shares viz: Equity Shares.

3) FACTORS TO BE CONSIDERED WHILE DECLARING DIVIDEND

While recommending/declaring Dividend, the Board shall take into account various Internal & External factors which shall inter-alia include:

(1) Profitability of the Company during the relevant year.
(2) Past Dividend trends.
(3) Leverage profile.
(4) Future capital expenditure programmes including organic and inorganic growth opportunities.
(5) Company's Liquidity Position and Cash flow position.
(6) Economic conditions and regulatory environment.
(7) Any other relevant factors that the Board may deem fit to consider.

4) UTILISATION OF RETAINED EARNINGS

The retained earnings will be used *inter alia* for the Company's growth plans, working capital requirements, investments, debt repayments, meeting contingencies or for other needs of the Company.

5) DECLARATION OF DIVIDEND

The Board may declare/recommend Dividend either as an Interim or as Final Dividend during any financial year.

The Dividend shall be declared or paid by the Company for any financial year out of the profits of the Company arrived at in conformity with the Companies Act.

The Board shall endeavour to achieve a Dividend Payout Ratio in the range of 15% - 25% (gross of dividend distribution tax) of Distributable Profits for the year on Standalone Financials under normal circumstances. However, the Board shall continue to have the discretion to recommend a lower Dividend or no Dividend in case the business requirement so warrants.

6) REVIEW & MODIFICATION OF DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy is subject to Review & Revision on periodical basis, as may be considered necessary by the Board. In case, the Board proposes to declare Dividend based on the basis of parameters other than those mentioned in the Dividend Distribution Policy, it shall disclose such changes alongwith the rationale therefor.

7) DISCLOSURE

This document neither solicits investments in the Company's securities, nor it is an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

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.

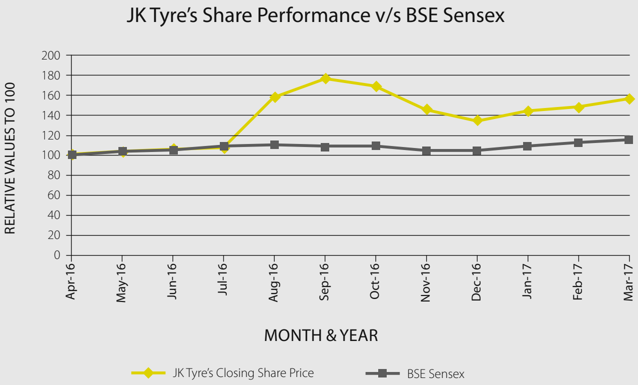
14. GENERAL SHAREHOLDER INFORMATION:

(i)	**Registered Office**	Jaykaygram, PO- Tyre Factory, Kankroli- 313 342 (Rajasthan) Phone No: 02952-302400/330011
(ii)	**Annual General Meeting (AGM)**	
	(a) Date, Time & Venue	4th August, 2017 at the Registered Office of the Company at 4.15 p.m.
	(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.	
(iii)	**Financial Calendar (tentative)**	
	Financial Reporting:	
	• 1st Quarter ending June 30, 2017	Within 45 days of the end of the quarter
	• 2nd Quarter ending September 30, 2017	
	• 3rd Quarter ending December 31, 2017	
	• Annual and 4th Quarter ending 31st March, 2018	Within 60 days of the end of the 4th quarter
	• Annual General Meeting for the financial year 2017-18	Between July and September 2018
(iv)	**Dividend Payment Date**	within three weeks of conclusion of AGM
(v)	**Date of Book Closure**	29th July to 4th August, 2017
(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 2017-18 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

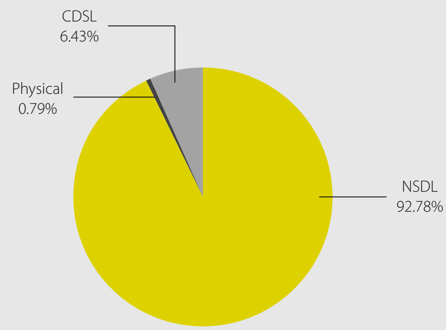
(viii) Stock Market Price Data

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April-2016	88.30	82.00	88.40	82.00
May-2016	87.10	79.40	87.15	79.20
June-2016	93.90	82.50	94.10	82.35
July-2016	94.50	88.50	94.60	89.05
August-2016	134.50	87.00	134.80	87.05
September-2016	153.00	130.10	153.20	130.05
October-2016	161.50	138.45	161.40	138.10
November-2016	149.50	106.00	149.75	109.80
December-2016	123.60	106.10	123.70	106.00
January-2017	136.90	112.20	136.90	112.25
February-2017	125.30	112.00	125.35	111.55
March-2017	136.95	116.45	137.00	116.50

JK Tyre & Industries Ltd.'s (JK Tyre's) Share Performance v/s BSE Sensex (April 2016 – March 2017)



Shares held in Demat Form with NSDL & CDSL and in Physical Form as on 31st March 2017



(ix) Distribution of Shareholding (as on 31.3.2017):

No. of Equity Shares Held (of ₹2/- each)	No. of Shares		Shareholders	
	Number	% of Total	Number	% of Total
1-250	5801414	2.56	69106	74.17
251-500	4649180	2.05	11822	12.69
501-1000	4887159	2.15	6109	6.55
1001-5000	10904188	4.81	4917	5.28
5001-10000	4284227	1.89	570	0.61
10001 & above	196287312	86.54	650	0.70
Total	**226813480**	**100.00**	**93174**	**100.00**

(x) Share Transfer System

The transfer/transmission of shares in physical form is normally processed and completed within a period of 15 days from the date of receipt thereof. In case of shares 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) Dematerialization 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 2017, 99.21% 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 2017, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contacts 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@jkmail.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 2017 are in compliance with the requirements of Corporate Governance under 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 results 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 Director & President – International 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	UCO Bank
Corporation Bank	State Bank of India
IDBI Bank Ltd.	The Federal Bank Ltd.
Indian Bank	Punjab National Bank

(xx) Information in terms of Schedule V(F) of the Listing Regulations: As on 1st April 2016, the Company had 5,83,965 Equity Shares, which were unclaimed by 2,397 Equity Shareholders. These were lying in dematerialized mode in the suspense account. Out of the above the Company received 17 requests for 5,295 Equity Shares for despatch, during the year. These have since been despatched. As on 31st March 2017, the Company has 5,78,670 Equity Shares which remain unclaimed by 2,380 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 2017.

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 2017, as stipulated in 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
Firm Registration No.:301051E
Membership No.85155

Place: New Delhi
Date: 15th May 2017

SUSTAINABILITY & BUSINESS RESPONSIBILITY REPORT

INTRODUCTION:

JK Tyre presents its Business Responsibility Report (BRR) for the financial year 2016-17. The Report provides an overview of the initiatives taken by the Company from an environmental, social and governance perspective.

We, at JK Tyre, have always believed that, progress needs to extend beyond corporate premises, to the communities around our establishments. JK Tyre attaches highest importance to its core values – commitment to excellence and customer satisfaction, maximizing long term shareholders value, socially valued enterprise and caring for people and environment.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L67120RJ1951PLC045966
2.	Name of the Company	JK Tyre & Industries Ltd.
3.	Registered address	Jaykaygram, PO - Tyre Factory, Kankroli – 313 342 (Rajasthan)
4.	Website	www.jktyre.com
5.	E-mail id	investorjktyre@jkmail.com
6.	Financial Year reported	2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	NIC Code: 2211 – Description: Manufacture of Tyres, Tubes & Flaps
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Tyres, Tubes & Flaps
9.	Total number of locations where business activity is undertaken by the Company	The Company alongwith its subsidiaries, has twelve manufacturing plants across the world.
	(a) Number of International Locations (Provide details of major 5)	3 - through subsidiaries in Mexico.
	(b) Number of National Locations	Nine - six manufacturing plants – one each at Kankroli (Rajasthan); Banmore (Madhya Pradesh); Chennai (Tamil Nadu) and three plants at Mysuru (Karnataka). In addition, three manufacturing plants through a subsidiary at Laksar, Haridwar (Uttarakhand).
10.	Markets served by the Company – Local/State/National/ International	The Company has pan-India presence through a network of its own offices, dealers/business associates. In addition to serving Indian markets, the Company exports to over 100 countries across six continents.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	45.36 Crores
2.	Total Turnover (INR)	6,667.17 Crores
3.	Total profit after taxes (INR)	332.13 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.08% of the profit after tax of FY 2015-16. The total spending on CSR for the FY 2014-15 and 2015-16 was 2.25% and 2.01% of the average net profits of the Company during the relevant three immediately preceding financial years.
5.	List of activities in which expenditure in 4 above has been incurred	The major activities in which the above CSR expenditure has been incurred includes: • Health Care • Education • Livelihood enhancement • Environmental conservation

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/Companies?	Yes, the Company has 15 subsidiaries.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	The Company's two Indian subsidiaries participate in the BR Initiatives. The remaining thirteen subsidiaries in foreign countries follow the laws in their respective regions.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

The Corporate Social Responsibility Committee of the Board of Directors is responsible for implementation of BR policies. The Committee comprises of the following Directors:

Name	DIN	Designation
Dr. Raghupati Singhania, Chairman of the Committee	00036129	Chairman & Managing Director
Shri Arvind Singh Mewar, Member	00008244	Independent Director
Shri Arun K. Bajoria, Member	00026540	Director & President-International Operations

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	00026540
2	Name	Shri Arun K. Bajoria
3	Designation	Director & President - International Operations
4	Telephone number	+91 11 30179106
5	e-mail id	akbajoria@jkmail.com

2. **Principle-wise (as per NVGs) BR Policy/policies:** The nine principles are as follows:

Principle No.	Principle Description
P 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P 3	Businesses should promote the wellbeing of all employees.
P 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P 5	Businesses should respect and promote human rights.
P 6	Business should respect, protect, and make efforts to restore the environment.
P 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P 8	Businesses should support inclusive growth and Equitable Development.
P 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for......	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? These Policies conform to the International Standards like SA8000, ISO 14001, OHSAS 18001, EnMS/ISO 50000, ISO/TS-16949, etc.	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director? - Note 1	Y	N	N	Y	N	N	N	Y	N
5	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online? - Note 2	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	-	Y	-	-	Y	-	-	-	-

Note 1- These Policies have been signed by Director & President – International Operations.

Note 2 - It has been Company's practice to upload all the policies on the intranet site for the information and implementation by internal stakeholders. The Code of Conduct for Board Members and Senior Management and CSR Policy are available on the website of the Company - http://www.jktyre.com/codeofconduct.aspx and http://www.jktyre.com/CSRPolicy.pdf

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) - Not Applicable.

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Business Review Meetings are held on monthly basis. Such Meetings are chaired by CEO. In addition, on quarterly basis, the Board and the Audit Committee of the Board also review business performance.

Besides this, the CSR Committee of Directors reviews the CSR initiatives taken by the Company every 3-6 months.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company is publishing its first Business Responsibility Report for the Financial Year 2016-17 as per the format prescribed by SEBI.

However, for over a decade, the Company has been publishing a report on Corporate Social Responsibility initiatives taken by the Company in its Annual Reports. In the year 2015-16, the Company also voluntarily published Sustainability Report. The Company's Sustainability and CSR Report for the previous financial year can be viewed at http://www.jktyre.com/AnnualReport2015-16.pdf.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

   The Company has in place a "Code of Corporate Ethics And Conduct" from February 2002, which reiterates its commitment to maintain the highest standards in its interface with stakeholders, clearly laying down the core values and corporate ethics to be practiced by its entire management cadre. All the employees sign this Code at the time of joining the Company.

   The Company also has in place a "Code of Conduct for Board Members and Senior Management". Every year, the Board Members and Senior Management affirm compliance with this Code of Conduct.

   The Company also has in place a Policy on Vigil Mechanism (Whistle Blower Policy) for the Directors and Employees of the Company to report their genuine concerns or grievances relating to actual or suspected fraud, unethical behavior, 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.

   The said Codes/Policy cover all dealings with suppliers/customers/business associates/others.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   The Company has received two complaints from the shareholders during the financial year 2016-17, which were promptly resolved. No complaint was pending as on 31st March 2017.

   The Company has not received any complaint under the said Codes/Policies during the financial year ended 31st March 2017.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   The Company is a leading automotive tyre manufacturer in India and has played a significant role over the years in contributing to economic growth of the nation. The Company is also cognizant of the environmental impacts caused during production and life cycle of its products and continually strives to innovate to reduce such impacts. Addressing this concern, few of the products developed by the Company are mentioned below:-

Product	Social or Environmental Benefits
Passenger Car Radial -155/80R13 Ultima Neo TL	The Tyre has an environment friendly design using futuristic green technology, which uses silica filled rubber tread compound instead of conventional carbon black filler. This ensures low rolling resistance of the Tyre & higher fuel efficiency of vehicle. High fuel efficiency ensures lower emissions, which helps in the reduction of air pollution. In addition, environmental fly loss of carbon black particles during tyre making process is prevented, thereby reducing the environmental pollution further.
Passenger Car Radial – UX ROYALE product line	This tyre has futuristic asymmetric design which enables superior performance. This product line complies with ECE Regulation 117, ensuring Tyre Noise, Wet grip and Rolling Resistance within European Standard limits. Its asymmetric pattern design generates least noise which in turn leads to lower noise pollution and better customer satisfaction. This tyre also uses new age material which gives best in-class wet grip performance, ensuring customer safety even in severe driving conditions.
Truck/Bus Radial – Challenger Series	This tyre is a result of extensive R&D and use of Finite Element for predictive evaluation by which a new Truck/Bus Radial series has been developed with considerably lower material input and successfully commercialized. While this being a sustainable development thus environment friendly, it has also strengthened Company's position in the market.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

The Company continues to give major emphasis on conservation of energy and the measures taken during the previous years were continued. In alignment to this principle during the Financial Year 2016-17, the Company has achieved a total energy benchmark level of 10.3 GJ/Ton of production and is in the top five best companies in the sector worldwide. Our commitment to improve further would continue to achieve even better milestones. In view of this, the efficiency of energy utilization in each manufacturing unit is monitored at the corporate level on quarterly basis, in order to achieve conservation of energy.

Since JK Tyre is the 1st Indian Tyre Company to have certified CFV as per IS standard, the focus continues on GHG emission resulting in over 27% reduction in emission over previous year. Monitoring carbon footprint is part of our commitment to the society for better and safer environment of our future generation. It is indeed very satisfying that JK Tyre has now set a new benchmark in water consumption by becoming the lowest in the world at 2.83 Ltr/Kg of production.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Continual process of innovation in technology and product service has enabled the Company to deliver the products, which are prone to fuel savings which ultimately conserve the energy at the consumers end.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company focuses on environmental impacts of sourcing and continually works with the vendors and suppliers to reduce the same. We are aware that most of the vendors/suppliers for key raw material are working on sustainable basis. Transportation and logistics optimization is an ongoing activity to reduce the relative environmental impacts.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

During the year, the Company has procured sizeable material from the local sources or vendors (except the major raw materials). These vendors are basically supplying the general consumables as well as spares for the equipment. The Company also encourages the vendors to adopt quality, environmental and safety management practices. This helps in developing entrepreneurship (Make in India Initiative), reduce costs and reduce dependence on fossil fuels as a part of Green Supply Chain initiative.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%,>10%). Also, provide details thereof, in about 50 words or so.

Yes. The Company has established a well defined process to recycle and re-use the entire process waste. In addition we also use to the tune of approximately 5% of the recycled/regenerated material in the virgin product.

Keeping above objective, Company has achieved process scrap/waste below 1%.

The disposition of waste of all types (including non hazardous), generated or handled at plants, to various (approved) customers, are done strictly as per directives of Central/State Pollution Control Boards and compliance reports are submitted to the authorities.

Principle 3: Businesses should promote the wellbeing of all employees

1.	Please indicate the Total number of employees: 6,952			
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis: 4,731			
3.	Please indicate the Number of permanent women employees: 45			
4.	Please indicate the Number of permanent employees with disabilities: 13			
5.	Do you have an employee association that is recognized by management: Yes			
6.	What percentage of your permanent employees is members of this recognized employee association? Approximately 48%. (while all permanent workmen are unionized in all plants)			
7.	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.			
	No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
	1	Child labour/forced labour/involuntary labour	NIL	NIL
	2	Sexual harassment	NIL	NIL
	3	Discriminatory employment	NIL	NIL
	The Company has systems certified to Social Accountability SA-8000 standards (from BSI) and has robust and effective tracking/ monitoring/review systems in place.			
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?			
	(a)	Permanent Employees	100%	
	(b)	Permanent Women Employees	100%	
	(c)	Casual/Temporary/Contractual Employees	100%	
	(d)	Employees with Disabilities	100%	
	Training and re-training of all sections of people working in all our plant premises has become a hygiene factor which has delivered excellent performance on safety.			

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the Company mapped its internal and external stakeholders? Yes/No

   Yes, the Company has mapped its internal and external stakeholders and has identified - employees, customers, business partners/ suppliers, government and government agencies, lenders, shareholders/ investors and society as its stakeholders.

   The Company has various mechanism in place for engagement with these stakeholders such as employee satisfaction surveys, customer satisfaction surveys, organizing plant visits for the suppliers and for the investors, regular dealers' meet and lenders' meet, etc. Investors base being large, as required, the Company has a dedicated email id for them to engage with the Company. The Company has also been engaging with the society, particularly in the areas around its manufacturing plants through its various community service initiatives.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

   Yes, the Company has identified the disadvantaged, vulnerable & marginalized stakeholders in and around its manufacturing plants. The Company engages with these stakeholders through various programmes, projects and activities.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   The CSR programmes/projects/activities of the Company are aimed at serving the local community and socio-economically disadvantaged sections of the society. The key CSR programmes undertaken by the Company are as follows:

1. Health Care
    - The Company organizes regular health camps and eye camps to provide better access to quality healthcare in and around its manufacturing plants.
    - The Company is also actively engaged in HIV/AIDS awareness generation and disease prevention programmes. There are 11 Clinics running all across the Country at high risk HIV/AIDS locations with the help of partner NGOs and has benefitted more than 2.50 Lac people from transporter fraternity. A network of people living with HIV/AIDS (PHLIV) in Rajsamand is also supported enabling PLHIVs to adhere to regular medication and linking HIV patients with welfare schemes of government.
    - The Parivartan Project which was started a decade back aims to improve reproductive and child health care services. This has benefitted more than 2 Lac patients and brought down the MMR and IMR significantly in the project area.
    - Safe drinking water was made available in villages in the vicinity of Company's manufacturing plants by installing RO Plants, constructing water tanks, water huts and supplying water tankers.
    - More than 1,100 individual household toilets have been constructed in collaboration with Swachh Bharat Mission of Government of India, during the FY 2016-17.

2. Education
    - Adult literacy Programme was undertaken at Company's all manufacturing locations for more than a decade for empowering women through education. This programme benefitted more than 45,000 rural women to become functionally literate. The Adult literacy programme at Central Prison, Mysuru is a unique initiative and it has helped more than 4,600 prison inmates to become literate.
    - JK Tyre adopted three government ITIs to impart job-oriented vocational education to local students. This engagement enhanced the reputation of adopted ITIs and enhanced employability and around 100% students are securing meaningful employment.
    - To enhance awareness about the importance of road safety, key stakeholders were identified and specialized programme devised for school children, members of the transport community and public.

3. Livelihood Enhancement
    - Under the livestock development programme, artificial insemination, fodder development and healthcare services are provided at farmers' doorstep. During the year 2016-17, more than 3,000 artificial inseminations have been performed, around 400 hybrid calves were born and more than 15,000 cattles have been provided various other health care services like vaccination, deworming, deticking, fertility treatment, etc.
    - The Company implemented location-specific skill-enhancing initiatives to empower farmers to adopt the latest agricultural technologies, access high-yielding seeds, fertilizers, pesticides and generate higher returns from every acre. During the year 2016-17, more than 2,000 farmers were benefitted from agricultural improvement initiatives.
    - Trainings for rural youth in alternative employment avenues like mobile repairing, motor winding, beauty & wellness and tailoring etc. were imparted to around 500 unemployed youths to enhance their entrepreneurial and employability skills.

Contributing towards making India cleaner through construction of Toilets

Skilling unemployed women through job oriented trainings

4. Environment

- The Company initiated various water conservation initiatives to make local communities water sufficient through mass awareness and implementation of sustainable water harvesting interventions. Various activities like farm bunding, farm pond, earthen dam/tank, borewell recharge and soak pits were implemented to conserve and efficiently utilise water. These initiatives have benefitted more than 10,000 people directly or indirectly during the FY 2016-17.
- More than 5,000 saplings have been planted in nearby areas of Company's manufacturing facilities. Greenery at gardens, parks and other public places is also maintained for the benefit of general public.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company respects Human Rights of all relevant stakeholders and groups within and beyond the workplace including that of communities, consumers and marginalized groups. All the practices and policies of the Company including engagement with suppliers, contractors, etc, ensures that human rights are honored and protected. For instance:

(i) All employees are treated equally regardless of nationality, caste, religion, colour or sex.
(ii) The Company is committed to creating and providing a healthy environment for all the employees with high standards of safety measures.
(iii) Not employing child labour.
(iv) The Company has been specifically looking after welfare of underprivileged women by undertaking various projects including adult education, prevention of AIDS, medical camps, etc.
(v) The Company has adopted a hostel for backward class girls and has been maintaining it for last several years.
(vi) The Company is committed to set out basic standards and procedure regarding "Health & Safety, Freedom of Association and Right to Collective Bargaining, Disciplinary Practices, Working Hours and Remuneration".

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company did not receive any stakeholders complaint in the financial year 2016-17 for violation of human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Sustainability is built into JK Tyre's business processes through well-defined HEALTH, SAFETY & ENVIRONMENTAL (HSE) POLICY. The Company is committed to design, manufacture and distribute its products in a manner that protects the environment; prevents injury and ill health in all the activities being carried out under our control. The Company continually improve on Occupational Health, Safety and Environmental performance for sustainable growth by:

- Complying with legal and other HSE requirements applicable to products, processes and services.
- Taking measures in HSE management system by being proactive, innovative and cost effective.
- Conserving natural resources and energy by optimizing efficiency, minimizing waste and supporting environment friendly processes.
- Enhancing effectiveness of Safety, Health & Environmental Management system through Risk assessment and regularly reviewing its objectives and targets.
- Providing our employees, sub contractors and transporters the appropriate work environment, facilities, information and training to work safely and involving them in HSE matters concerning them.
- Integrating Safety, Health and Environmental policy into our business planning, decision making and performance review at appropriate levels.

The Company communicates this policy to all employees, persons working for and on its behalf and to make it available to all interested parties on request.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the Company is committed to design, manufacture and distribute its 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.
- Creating a continual improvement mind set in respect of GHG performance within the organization.

Mission Statement on Sustainable Growth

Being cognizant of the need of sustainable growth and dwindling stock of natural capital, the Company is committed 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 landfills 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. The Company already uses about 21% of its total requirement of power, through renewable resources.
4. Reduce specific greenhouse 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.

Desiltation of tanks for Water Conservation

3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has established system under ISO 14001 : 2015 through which Environmental risk, impact and assessment is done and reviewed periodically. The purpose of this procedure is to establish and maintain procedures for identifying environmental/ Hazard aspects of activities, Risk assessment and Determining Control, and products and services that can be controlled and influenced.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Yes, the Company announced 'Becoming Green Company' as a part of its Mission Statement. All plants are certified by CII-GODREJ with Greenco Awards since last 4 years. Pursuant to Swachh Bharat Initiatives, the Mission is to be water positive in all plants by 2022. The on-going greening initiatives includes plantation of over 10,000 trees/year, life cycle assessment for products, green supply chain for logistics, carbon foot print measurements as per ISO-14064:2006 (by BSI) periodically keep us on this journey of clean development.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

We have initiated and achieved EnMS (Energy Management system) ISO-50001 in all locations. Also the Company is working to make 30% use of Renewable Energy in Plants. The projects towards achieving this have started.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Each of the manufacturing plant has consents from State Pollution Control Boards (PCB) for air, water and solid waste. During the financial year 2016-17, the plants were compliant of relevant statutory laws in this regard and the requisite reports are filed periodically to State PCBs.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

This is to confirm that there were no show cause/legal notices received from the Pollution Control Boards (PCB) and nothing is pending.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is a member of the following:-

- Automotive Tyre Manufacturers Association (ATMA)
- Confederation of Indian Industry (CII)
- PHD Chamber of Commerce and Industry
- Indo-American Chamber of Commerce

Apart from above, some of the senior executives of the Company are active members (Office Bearers) of Industry Associations of repute and work towards promoting common interests of trade and industries and address issues faced by businesses and encourage formulation of industry friendly environment through policy makers.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company has been extensively using platforms of the above Trade Association/Chambers of Commerce and Industry and has been taking advocacy positions from time to time in the areas of Corporate Legal Reforms, Economic Reforms, Social Security, Water Conservation, Sustainable Business Principles, etc.

Principle 8: Businesses should support inclusive growth and equitable Development

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   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. Details of the same have been given in Principle 4.

   The 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.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   The CSR programmes/projects of the Company are run directly by in-house teams and also by external NGOs; partnering with Government and collaborating with reputed external non-profit organizations under different models.

3. Have you done any impact assessment of your initiative?

   The CSR Programmes/projects and their progress/impacts/outcomes are monitored and reviewed periodically by the Corporate Social Responsibility Committee and by the Board of Directors.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

   Details of the Company's CSR Projects/Programmes and activities have been given in Principle 4. During the financial year 2016-17, the Company has spent ₹4.36 Crores on CSR initiatives.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   The Company is committed to improve the quality of life of the communities around its plant locations and communities at large through need based CSR initiatives in the areas of healthcare, education, livelihood enhancement and environment. The Company encourages participation by the community in various CSR initiatives of the Company. Extensive engagement with the community helps in identifying needs of the stakeholders and leads to greater sense of ownership among the people, ensuring sustained outcomes. This ensures successful adoption by communities to the extent possible.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

   The Company is customer focused and is committed to understand the present and changing needs of the customers and fulfilling the same for achieving total customer satisfaction. The Company has been regularly having Customer Relationship Management (CRM) programmes like JK Star, JK Badshah, etc

   The Company has a well laid out redressal procedures for complaints of customers and the complaints are immediately attended to both from the customers of original equipment as well as the customers who have purchased tyres in retail. The Technical Service Department is equipped with technically qualified personnel and cutting-edge equipment. The customers may approach the Company through various mediums such as emails, toll free nos., website, channel partners and Company's nationwide offices, etc.

   The % total consumer cases under process as on 31st March 2017 was negligible (of total complaints/claims processed).

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information).

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.

The Company displays all the requisite product information on Tread and on the sidewall of tyres as per statutory requirements under applicable laws such as tyre size designation, ply rating/load index, speed symbol, date of production and Tread Wear indicator etc. Over and above the mandatory requirements, the Company displays additional information related to tyre usage & maintenance like Visual Alignment indicator (VAI), Safety Warning for tyre fitment and service operating conditions etc. The Company is also interacting and educating customers on tyre selection, care & maintenance during its various customer interaction programmes, driver training programmes and vehicle manufacturers' customer meets.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No court case has been filed against the Company regarding unfair trade practices and/or irresponsible advertising during the last five years or pending as on end of the financial year.

After investigation into the alleged Restrictive Trade Practice of cartelisation by the Company in association with other tyre manufacturers for the period 2005-06 to 2009-10, the Competition Commission of India (CCI) under the Competition Act 2002 pronounced its verdict on 30th October 2012 that there is no sufficient evidence to hold violation by the Company and other tyre manufacturers and Automotive Tyre Manufacturers Association (ATMA) of the provisions of Section 3(3)(a) and 3(3)(b) read with Section 3(1) of the said Act.

Again, under the said Act, investigation was conducted for the period 2009-10 to 2013-14, to find out presence of any agreement or understanding within the meaning of Section 3 of the said Act between the market players namely – Apollo Tyres Ltd., MRF Ltd., Ceat Ltd, JK Tyre & Industries Ltd. & Birla Tyres Ltd. and ATMA. The Company in its response has denied presence of any cartel. Other tyre manufacturers and ATMA have also submitted their responses and the matter is sub-judice.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

The Company believes in Customer First. The Company has a strong mechanism to capture the Voice of Customer. On regular basis, Customer Experience Measurement Surveys are undertaken, both amongst its channel partners and end users. These 3rd party surveys, along with information gathered during market visits and customer interactions at various fora, act as an unbiased source of consumer insights. Further, the Company has adopted a robust mechanism of imbibing the consumer learnings within the system. The insights get integrated with the Strategic Business Plan of the Company, which is reviewed on a regular basis for improving it even further. Various awards and accolades received by the Company, is a testimony of customer centric approach adopted by the Company.

The Company has been ranked No. 1 in the JD Power India Customer Satisfaction Index Study in the years 2005, 2009 and 2015.

FINANCIAL SECTION

Independent Auditor's Report

To the Members of
JK Tyre & Industries Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of JK Tyre & Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS 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 of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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 standalone Ind AS 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 Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of accounts.

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

   (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director 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 Company and the operating effectiveness of such controls, refer to our separate report in "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 standalone Ind AS financial statements – Refer Note No. 34, 37 & 39 to the standalone Ind AS 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.

   iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company - Refer Note No. 57 to the standalone Ind AS financial statements.

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

(N. K. LODHA)
Partner
Membership No. 85155

New Delhi, the 15th May, 2017

Annexure – A to the Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are in the name of the Company.

(ii) The inventories of the Company (except stock lying with the third parties and in transit, for which confirmations have been received/ material 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.

(iii) According to the records and information and explanation 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 ("the Act"). However, Outstanding year-end balance of deferred receivable from a company is ₹ 75.79 crores related to past year transaction under the Companies Act, 1956 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.

(iv) 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 securities, the Company has complied with the provisions of section 185 and 186 of the Act.

(v) 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 to76 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.

(vi) 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 the 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.

(vii) (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 2017.

(b) According to the records and information & explanations given to us, certain 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	Additional Commissioner (Appeals)	8.13
		Deputy Commissioner/ Deputy Commissioner (Appeals)	1946.66
		Revision Board	14.57
		Joint Commissioner	0.96
		Tribunal	46.89
		High Court	1.80
		Appellate Tribunal	3.41
Central Excise Act	Excise Duty	Commissioner-Appeals	89.41
		Additional Commissioner	52.34
		Additional Superintendent	0.47
		CESTAT	312.57
		Assistant Commissioner / Deputy Commissioner	2.54
		High Court	0.49
Custom Act	Custom Duty	Supreme Court	241.15
		High Court	1558.33
Income Tax Act	Income Tax	Deputy Commissioner	1563.98
Finance Act	Service Tax	Assistant Commissioner	104.32
		CESTAT	55.01
Madhya Pradesh Entry Tax Act, 1976	Entry Tax	Commissioner	139.51

(viii) In our opinion, on the basis of audit procedures and according to the information and explanation 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.

(ix) On the basis of information and explanation 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 utilisation. The Company did not raise any money by way of further public offer (including debt instruments).

(x) Based on the audit procedures 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 our audit.

(xi) On the basis of records and information and explanations made available and based on our examinations 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. 48(II)).

(xii) 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.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures 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 the records / details, the related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us, the Company has not made any preferential allotment of shares or private placement of shares or fully / partly convertible debentures during the year in terms of provisions of section 42 of the Act.

(xv) On the basis of records made available to us and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934, as the provisions of the section is not applicable to the company.

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

(N. K. LODHA)
Partner
Membership No. 85155

New Delhi, the 15th May, 2017

Annexure – B to the Auditor's 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 2017 in conjunction with our audit of the standalone Ind AS 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 and 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 standalone Ind AS 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 2017, 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
Membership No. 85155

New Delhi, the 15th May, 2017

JK Tyre & Industries Limited

Balance Sheet as at 31st March, 2017

₹ in Crores (10 Million)

	Note No.	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ASSETS				
(1) Non-current Assets				
(a) Property, Plant and Equipment	2	**3294.08**	3321.16	2353.70
(b) Capital Work-in-progress		**131.24**	88.92	697.10
(c) Investment Property	3	**6.14**	6.24	0.70
(d) Other Intangible Assets	4	**-**	-	-
(e) Intangible Assets under Development		**4.30**	-	-
(f) Financial Assets				
- Investments	5	**490.17**	71.97	79.98
- Loans	6	**42.32**	32.79	27.36
- Other Financial Assets	7	**66.19**	75.79	84.86
(g) Other Non-current Assets	8	**244.18**	183.01	165.03
		4278.62	3779.88	3408.73
(2) Current Assets				
(a) Inventories	9	**930.78**	739.68	741.62
(b) Financial Assets				
- Investments	10	**-**	18.91	9.01
- Trade Receivables	11	**1469.60**	1210.48	1256.19
- Cash and Cash Equivalents	12	**55.71**	55.18	72.45
- Other Bank Balances	13	**11.61**	7.26	27.75
- Loans	14	**70.00**	-	-
- Other Financial Assets	15	**327.61**	115.49	63.95
(c) Current Tax Assets (Net)	16	**-**	6.02	14.64
(d) Other Current Assets	17	**137.63**	137.39	137.90
		3002.94	2290.41	2323.51
TOTAL ASSETS		**7281.56**	6070.29	5732.24
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	SOCE - I	**45.36**	45.36	45.36
(b) Other Equity	SOCE - II	**1628.59**	1374.26	1005.15
		1673.95	1419.62	1050.51
LIABILITIES				
(1) Non-current Liabilities				
(a) Financial Liabilities				
- Borrowings	18	**1637.28**	1493.49	1399.16
- Other Financial Liabilities	19	**300.96**	306.54	330.11
(b) Provisions	20	**18.86**	14.63	13.33
(c) Deferred Tax Liabilities (Net)	21	**590.87**	500.18	408.51
(d) Other Non-current Liabilities	22	**-**	3.46	8.08
		2547.97	2318.30	2159.19
(2) Current Liabilities				
(a) Financial Liabilities				
- Borrowings	23	**1494.54**	874.78	964.48
- Trade Payables		**910.96**	830.41	902.64
- Other Financial Liabilities	24	**533.82**	513.69	536.89
(b) Other Current Liabilities	25	**109.45**	107.54	107.91
(c) Provisions	26	**6.51**	5.95	10.62
(d) Current Tax Liabilities (Net)	16	**4.36**	-	-
		3059.64	2332.37	2522.54
TOTAL EQUITY AND LIABILITIES		**7281.56**	6070.29	5732.24
Company Overview, Basis of preparation and Significant Accounting Policies.	1			

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

As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
Bharat Hari Singhania — *Managing Director*

Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari — *Directors*
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria

JK Tyre & Industries Limited

Statement of Profit and Loss for the year ended 31st March, 2017

₹ in Crores (10 Million)

		Note No.	2016-2017	2015-2016
I.	Revenue from Operations	27	**6607.51**	6510.03
II.	Other Income	28	**59.66**	22.52
III.	**Total Income (I+II)**		**6667.17**	6532.55
IV.	**Expenses**			
	Cost of Materials Consumed		**3200.17**	3311.92
	Purchases of Stock-in-trade		**565.53**	32.70
	(Increase) / Decrease in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	29	**(68.74)**	14.06
	Employee Benefits Expense	30	**534.90**	523.48
	Finance Costs	31	**267.58**	236.09
	Depreciation and Amortisation Expense		**183.58**	172.30
	Excise Duty on Sales		**628.39**	684.49
	Other Expenses	32	**1001.30**	943.93
	Total Expenses		**6312.71**	5918.97
V.	**Profit / (Loss) before Exceptional Items and Tax (III-IV)**		**354.46**	613.58
VI.	Exceptional Items	45	**105.24**	(12.78)
VII.	**Profit / (Loss) before Tax (V+VI)**		**459.70**	600.80
VIII.	Tax Expense			
	(1) Current Tax		**103.97**	136.53
	(2) Mat Credit Entitlement		**(67.09)**	(55.87)
	(3) Deferred Tax		**90.69**	95.65
IX.	**Profit / (Loss) for the Year (VII-VIII)**		**332.13**	424.49
X.	**Other Comprehensive Income**			
	Items that will not be Reclassified to Profit or Loss:			
	- Re-measurement Losses on Defined Benefit Plans		**(14.61)**	(10.57)
	- Income Tax relating to Items that will not be Reclassified to Profit or Loss		**5.06**	3.66
	Total Other Comprehensive Income		**(9.55)**	(6.91)
XI.	**Total Comprehensive Income for the Year (IX+X)**		**322.58**	417.58
XII.	**Earnings per Equity Share of ₹ 2 each**			
	Basic / Diluted	46	**14.64**	18.72

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

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Vimal Bhandari — *Directors*
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria

JK Tyre & Industries Limited
Statement of Changes in Equity (SOCE) for the year ended 31st March, 2017

₹ in Crores (10 Million)

		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
I.	**SHARE CAPITAL**			
a.	**Authorised:**			
	Equity Shares - 62,50,00,000 of ₹2 each	**125.00**	125.00	125.00
	14% Cumulative Redeemable Preference Shares - 7,00,000 of ₹100 each	**7.00**	7.00	7.00
	Preference Shares - 48,00,000 of ₹100 each	**48.00**	48.00	48.00
		180.00	180.00	180.00
b.	**Issued, Subscribed and fully paid up:**			
	Equity Shares - 22,68,13,480 of ₹2 each			
	Balance at the beginning of the year	**45.36**	45.36	45.36
	Changes in Equity Share Capital during the year	**-**	-	-
	Balance at the end of the reporting year	**45.36**	45.36	45.36
c.	**Reconciliation of the number of shares outstanding:**			
	Shares outstanding as at the beginning of the year	**22,68,13,480**	22,68,13,480	22,68,13,480
	Changes during the year	**-**	-	-
	Shares outstanding as at the end of the year	**22,68,13,480**	22,68,13,480	22,68,13,480
d.	**Details of each shareholder holding more than 5% shares:**			
	Name of Shareholder	**No. of shares held**	**No. of shares held**	**No. of shares held**
	Bengal & Assam Company Limited	**5,50,74,250**	5,50,74,250	5,50,74,250
	J. K. Fenner (India) Limited	**-**	1,80,00,000	1,80,00,000
	BMF Investment Limited	**2,58,07,500**	-	-
	Florence Investech Limited	**3,26,59,100**	3,26,59,100	3,26,59,100
	Edgefield Securities Limited	**1,74,37,500**	1,74,37,500	1,74,37,500

Rights and preferences attached to Equity Shares:

i. 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.

ii. 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.

iii. 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.

Statement of Changes in Equity (SOCE) for the year ended 31st March, 2017

II. OTHER EQUITY

₹ in Crores (10 Million)

Particulars	Securities Premium Reserve	Capital Redemption Reserve	Retained Earnings		Other Comprehensive Income	Total Other Equity
			General Reserve	Surplus in P/L Statement		
Restated balance as at 1st April, 2015	262.88	7.00	610.98	124.29	-	1005.15
Profit for the year				424.49		424.49
Other Comprehensive Income (Net of Taxes)					(6.91)	(6.91)
Cash Dividend				(34.02)		(34.02)
Dividend Distribution Tax on Cash Dividend				(6.93)		(6.93)
Transfer to General Reserve			150.00	(150.00)		-
Carrying Amount of Assets with Nil useful life (Net of Taxes) (a)			(7.52)			(7.52)
As at 31st March, 2016	262.88	7.00	753.46	357.83	(6.91)	1374.26
Profit for the year				**332.13**		**332.13**
Other Comprehensive Income (Net of Taxes)					**(9.55)**	**(9.55)**
Cash Dividend				**(56.70)**		**(56.70)**
Transfer to General Reserve			**150.00**	**(150.00)**		**-**
Dividend Distribution Tax on Cash Dividend				**(11.55)**		**(11.55)**
As at 31st March, 2017	**262.88**	**7.00**	**903.46**	**471.71**	**(16.46)**	**1628.59**

(a) Represents the carrying amount of certain property, plant and equipment, whose lives have expired as at previous year end, has been charged to General Reserve amounting to ₹7.52 crores (net of deferred tax ₹3.98 crores).

As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
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Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria
Directors

Notes to financial statements

NOTE - 1 COMPANY OVERVIEW, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

1.1 The Company overview:

JK Tyre and Industries Limited (JKTIL) is a public limited company incorporated and domiciled in India and its shares are publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE'), in India. The registered office of the company is situated at Jaykaygram, PO - Tyre Factory, Kankroli - 313342 Rajasthan, India.

JKTIL develops, manufactures, markets and distributes automotive Tyres, Tubes, Flaps and Retreads. The Company markets its tyres for sale to vehicle manufacturers for fitment as original equipments and for sale in replacement markets worldwide. The Company has six manufacturing plants located in India at Kankroli (Rajasthan), Banmore (Madhya Pradesh), Sriperumbudur (Chennai) and three plants at Mysore (Karnataka).

These financial statements were approved and adopted by board of directors of the Company in their meeting held on May 15, 2017.

1.2 Basis of preparation of financial statements:

(i) Statement of compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013.

(ii) Basis of preparation:

These financial statements have been prepared in accordance with Ind AS 101, "First Time Adoption of Ind AS", as these are the Company's first Ind AS compliant financial statements for the year ended 31st March, 2017.

The financial statements correspond to the classification provisions contained in Ind AS-1 (Presentation of Financial Statements). The transition to Ind AS has been carried out from the accounting principles generally accepted in India (Indian GAAP), which is considered as the "Previous GAAP", for purposes of Ind AS - 1.

The preparation of these financial statements resulted in changes to the Company's accounting policies as compared to the most recent annual financial statements prepared under Previous GAAP, wherever necessary. All accounting policies and applicable Ind AS have been applied consistently and retrospectively to all periods , including the previous financial year presented and the Ind AS opening balance sheet as at 1st April, 2015 (Transition Date). The resulting difference between the carrying amounts under Ind AS and Previous GAAP as on the Transition Date has been recognised directly in Retained Earnings. An explanation of the effect of the transition from Previous GAAP to Ind AS on the Company's equity and profit is provided in Note No. 56.

In preparing these financial statements, the Company has availed certain exemptions and exceptions from retrospective application of certain requirements under Ind AS, as explained below:

a) Exemptions from retrospective application:

- Deemed cost of property, plant and equipment: The Company has opted to continue with the carrying value for all of its property, plant and equipment as recoginsed in the previous GAAP financial statements as their deemed cost at the transition date to Ind AS (i.e. 1st April, 2015).
- Exchange difference on long term foreign currency monetary items: For those Long Term Foreign Currency Monetary Items relating to acquisition of depreciable capital assets, which were already recognised before the beginning of the first Ind AS Financial Statements, the Company has opted to continue with the previous GAAP option of capitalising the exchange differences in the cost of such assets till 2020, pursuant to the option in Notification No.G.S.R 914(E) dated 29th December, 2011 issued by Ministry of Corporate Affairs.
- Business combinations: The Company has opted to apply Ind AS 103 prospectively from the date of transition to Ind AS, i.e. 1st April, 2015 onwards. However, previous GAAP balances relating to assets and liabilities acquired under business combinations entered into before transition date, have been carried forward without any adjustments.
- Investment in equity shares of subsidiaries and associates: On the transition date, the Company has opted to carry investments in Equity shares of subsidiaries and associates at their deemed cost, i.e. previous GAAP carrying amount.
- Leases: For arrangements entered into prior to 1st April, 2015, the Company has assessed all arrangements for Embedded Leases based on conditions prevailing as at the date of transition (i.e. 1st April, 2015).

NOTE - 1 **COMPANY OVERVIEW, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (Contd.)

b) Exceptions from full retrospective application:

- Government loans: The Company has adopted previous GAAP carrying amount of Unsecured Deferred Sales Tax Loan at the date of transition to Ind AS as the carrying amount of the loan in the Opening Ind AS Balance sheet and applied Ind AS 109 (Financial Instruments) and Ind AS 20 (Accounting for Government Grants and Disclosure of Government Assistance) prospectively.

- Estimates: Upon an assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where revision in estimates was necessitated as required by Ind AS. The estimates used by the Company to present the amounts in accordance with Ind AS reflect conditions existing as at 1st April, 2015, the date of transition to Ind AS and as at 31st March, 2016 and 31st March, 2017.

(iii) Basis of measurement:

The financial statements have been prepared under historical cost convention on accrual basis, except for the items that have been measured at fair value as required by relevant Ind AS.

(iv) Significant accounting judgements, estimates and assumptions:

The preparation of these financial statements requires management judgments, estimates and assumptions that affect the application of accounting policies, the accounting disclosures made and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are made in the period, in which, the estimates are revised and in any future periods, effected pursuant to such revision.

1.3 Significant accounting policies:

(i) Property, plant and equipment:

a) Recognition and measurement: Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Expenditure during construction / erection period is included under capital work-in-progress and is allocated to the respective property, plant and equipment on completion of construction / erection.

b) Depreciation: Depreciation on property, plant and equipment (including 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 property, plant and equipment, 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.

The cost and related accumulated depreciation are eliminated from the financial statements, upon sale and disposition of the assets and the resultant gains or losses are recognised in the statement of profit and loss.

(ii) Investment property:

Investment properties are measured at cost less accumulated depreciation and impairment losses, if any.

The cost and related accumulated depreciation are eliminated from the financial statements, upon sale, disposition and withdrawal from permanent use of the assets and when no future economic benefits are expected from its disposal. The resultant gains or losses are recognised in the statement of profit and loss.

(iii) Intangible assets:

Intangible assets are 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 amortised over the expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any.

NOTE - 1 COMPANY OVERVIEW, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Revenue Expenditure on Research and Development is charged to Statement of Profit and Loss and Capital Expenditure is added to Property, plant and equipment.

(iv) Lease:

Lease is classified as Operating Lease, when substantial risks and rewards of ownership are not transferred - rentals thereon are recognised as expense over the lease term.

Leases under which, the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalised at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

(v) Foreign currency transactions and translation:

The functional currency of the company is Indian rupee (₹). 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. 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 those Long term foreign currency monetary items, related to acquisition of depreciable capital assets being carried forward from previous GAAP, 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.

(vi) Inventories:

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.

(vii) Borrowing cost:

Borrowing Cost is charged to Statement of Profit and Loss statement except meant for acquisition of qualifying assets, which is capitalised, using the effective interest method till the date of commercial use.

(viii) Employee benefit:

(a) Defined-contribution plans

Contributions to the employees' regional provident fund, superannuation fund, Employees Pension Scheme and Employees' State Insurance are recognised as defined contribution plan and charged as expenses during the period in which the employees perform the services.

(b) Defined-benefit plans

Retirement benefits in the form of Gratuity and Leave Encashment are considered as defined benefit plan and determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains or Losses through re-measurement of the net obligation of a defined benefit liability or asset is recognised in Other Comprehensive Income. Such re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

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.

(ix) Income tax:

Income tax is comprised of current and deferred tax. Income tax expense is recognised in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in other comprehensive income.

Notes to financial statements

NOTE - 1 COMPANY OVERVIEW, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Contd.)

a) **Current tax:** 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.

b) **Deferred tax:** Deferred Tax is recognised for temporary differences. However, Deferred Tax Asset is recognised to the extent that, it is probable that taxable income will be available against which the same can be realised.

(x) Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(xi) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Financial assets include cash and cash equivalents, trade and other receivables, investments in securities and other eligible current and non-current assets.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under one of the following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

- Financial assets at amortised cost: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.
- Financial assets at fair value through other comprehensive income: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the Effective Interest Rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.
- Financial assets at fair value through profit or loss: At the date of initial recognition, Financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Investment in Equity shares of subsidiaries and associates are valued at cost.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

The company assesses impairment based on the expected credit losses (ECL) model to all its financial assets measured at amortised cost.

(b) Financial liabilities

Financial liabilities include long-term and short-term loans and borrowings, trade and other payables and other eligible current and non-current liabilities.

Notes to financial statements

NOTE - 1 COMPANY OVERVIEW, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Contd.)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs. After initial recognition, financial liabilities are classified under one of the following two categories:

- Financial liabilities at amortised cost: After initial recognition, such financial liabilities are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial liability. The EIR amortisation is included in finance expense in the profit or loss.
- Financial liabilities at fair value through profit or loss: which are designated as such on initial recognition, or which are held for trading. Fair value gains / losses attributable to changes in own credit risk is recognised in OCI. These gains / losses are not subsequently transferred to Statement of Profit and Loss. All other changes in fair value of such liabilities are recognised in the Statement of Profit and Loss.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

(xii) Derivative financial instruments:

Derivative instruments such as forward currency contracts, interest rate swaps and option contracts are used to hedge foreign currency risks and interest rate risk. Such derivatives are initially recognised at their fair values on the date on which a derivative contract is entered into and are subsequently re-measured at fair value on each reporting date. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(xiii) Revenue:

Revenue is recognised when the significant risks and rewards of ownership have been passed on to buyer. Revenue is measured at the fair value of the consideration received or receivable, including Excise Duty, but net of returns, allowances, trade discounts and volume discounts and sales tax / VAT etc.

(xiv) Grants:

Grants and subsidies from the Government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. Revenue Grants are recognised in the Statement of Profit and Loss. Capital Grants relating to specific assets are recognised in the balance sheet as deferred income and credited in statement of profit and loss on a systematic basis over the useful life of the related asset.

Export incentives are recognised in the Statement of Profit and Loss.

(xv) Impairment:

The carrying amount of Property, plant and equipments, Intangible assets and Investment property 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 Statement of Profit and Loss 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.

(xvi) Earnings per share (EPS):

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to the equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xvii) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and at bank, Cheques on hand and Remittances in transit for the purpose of meeting short-term cash commitments.

Notes to financial statements

NOTE - 2 PROPERTY, PLANT AND EQUIPMENT

₹ in Crores (10 Million)

Particulars	Gross Value				Depreciation				Net Value	
	As at 31.03.2016	Additions / Adjustments ^	Sales / Adjustments	**As at 31.03.2017**	Upto 31.03.2016	For the year	Sales / Adjustments	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016
Land - Freehold	58.53	-	-	**58.53**	-	-	-	**-**	**58.53**	58.53
	(58.53)	-	-	(58.53)	-	-	-	-	(58.53)	(58.53)
- Leasehold	10.60	-	0.01	**10.59**	1.54	0.11	-	**1.65**	**8.94**	9.06
	(10.61)	-	(0.01)	(10.60)	(1.43)	(0.11)	-	(1.54)	(9.06)	(9.18)
Buildings *	731.65	16.47	-	**748.12**	130.11	12.32	-	**142.43**	**605.69**	601.54
	(531.92)	(199.73)	-	(731.65)	(117.15)	(12.96)	-	(130.11)	(601.54)	(414.77)
Plant and Equipments	4349.30	183.58	335.35	**4197.53**	1727.21	165.24	284.59	**1607.86**	**2589.67**	2622.09
	(3416.69)	(944.52)	(11.91)	(4349.30)	(1573.22)	(165.18)	(11.19)	(1727.21)	(2622.09)	(1843.47)
Furniture and Fixtures	16.21	0.83	0.81	**16.23**	8.76	1.11	0.36	**9.51**	**6.72**	7.45
	(15.70)	(1.22)	(0.71)	(16.21)	(7.92)	(1.04)	(0.20)	(8.76)	(7.45)	(7.78)
Office Equipments	17.09	2.04	0.88	**18.25**	12.17	1.58	0.71	**13.04**	**5.21**	4.92
	(15.27)	(2.35)	(0.53)	(17.09)	(11.12)	(1.43)	(0.38)	(12.17)	(4.92)	(4.15)
Vehicles	26.47	7.03	4.69	**28.81**	8.90	3.12	2.53	**9.49**	**19.32**	17.57
	(24.66)	(7.46)	(5.65)	(26.47)	(8.84)	(3.03)	(2.97)	(8.90)	(17.57)	(15.82)
	5209.85	209.95	341.74	**5078.06**	1888.69	183.48	288.19	**1783.98**	**3294.08**	3321.16
Previous year	(4073.38)	(1155.28)	(18.81)	(5209.85)	(1719.68)	(183.75)	(14.74)	(1888.69)	(3321.16)	(2353.70)

Figures in brackets represent amounts pertaining to previous year.

^ Net of forex reinstatement of ₹25.23 crores (Unamortised forex reinstatement as on 31.03.2017: ₹59.76 crores)

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

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 ₹429.11 crores (Previous year: ₹538.60 crores).

NOTE - 3 INVESTMENT PROPERTY

₹ in Crores (10 Million)

Particulars	Gross Value				Depreciation				Net Value	
	As at 31.03.2016	Additions / Adjustments	Sales / Adjustments	**As at 31.03.2017**	Upto 31.03.2016	For the year	Sales / Adjustments	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016
Building	6.53	-	-	**6.53**	0.29	0.10	-	**0.39**	**6.14**	6.24
	(0.94)	(5.59)	-	(6.53)	(0.24)	(0.05)	-	(0.29)	(6.24)	(0.70)
	6.53	-	-	**6.53**	0.29	0.10	-	**0.39**	**6.14**	6.24
Previous Year	(0.94)	(5.59)	-	(6.53)	(0.24)	(0.05)	-	(0.29)	(6.24)	(0.70)

Figures in brackets represent amounts pertaining to previous year.

NOTE - 4 OTHER INTANGIBLE ASSETS

₹ in Crores (10 Million)

Particulars	Gross Value				Amortisation				Net Value	
	As at 31.03.2016	Additions / Adjustments	Sales / Adjustments	**As at 31.03.2017**	Upto 31.03.2016	For the year	Sales / Adjustments	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016
Computer Software#	11.78	-	-	**11.78**	11.78	-	-	**11.78**	**-**	-
	(11.78)	-		(11.78)	(11.78)	-	-	(11.78)	-	-
	11.78	-	-	**11.78**	11.78	-	-	**11.78**	**-**	-
Previous Year	(11.78)	-		(11.78)	(11.78)	-	-	(11.78)	-	-

Figures in brackets represent amounts pertaining to previous year.

\# Being amortised over a period of 5 years.

Notes to financial statements

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Numbers	**₹ in Crores (10 Million)**	Numbers	₹ in Crores (10 Million)	Numbers	₹ in Crores (10 Million)
NOTE - 5 INVESTMENTS [NON-CURRENT (*Other than Trade*)]						
Investment in Equity Shares:						
Subsidiary Companies (at Cost):						
Lankros Holdings Limited (Euro 1 Each)*	**40,02,000**	**26.31**	40,02,000	26.31	40,02,000	26.31
Sarvi Holdings Switzerland AG (CHF 1000 each)*	**100**	**0.40**	100	0.40	100	0.40
JK Tornel S.A. de C.V. (Mexican Pesos 1000 each)*	**25**	**0.01**	25	0.01	25	0.01
J.K.International Ltd. (£1 each)	**1,35,000**	**0.61**	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	19,99,999	0.71
Natext Biosciences Pvt. Ltd. (₹10 each)	**15,00,000**	**1.50**	15,00,000	1.50	-	-
Cavendish Industries Limited (₹10 each) ^	**3,20,03,286**	**448.04**	-	-	-	-
Associate Company (at Cost):						
Hari Shankar Singhania Elastomer & Tyre Research Institute (₹100 each) (₹2400; As at 31.03.2016: ₹2400; As at 01.04.2015: ₹2400)	**24**	**-**	24	-	24	-
Dwarkesh Energy Ltd. (₹10 each)	**3,50,000**	**0.35**	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
Others (At fair value through P & L):						
HDFC Bank Ltd. (₹2 each)	**5,000**	**0.72**	5,000	0.54	5,000	0.51
Bengal & Assam Company Ltd. (₹10 each)	**11,641**	**1.99**	11,641	0.55	11,641	0.57
Dhampur Sugar Mills Ltd. (₹10 each)	**-**	**-**	-	-	4,60,075	1.65
V. S. Lignite Power Pvt. Ltd. (₹10 each) #	**12,56,039**	**-**	12,56,039	-	12,56,039	-
J.K.I. Employees Co-operative Credit Society Ltd. (₹1000 each) (₹5000; As at 31.03.2016: ₹5000; As at 01.04.2015: ₹5000)	**5**	**-**	5	-	5	-
Reliance Industries Ltd. (₹10 each)	**4,360**	**0.58**	4,360	0.46	4,360	0.36
Vaayu Renewable Energy (Godavari) Pvt. Ltd. (₹10 each)	**49,400**	**-**	49,400	0.05	-	-
ReNew Wind Energy (AP) Pvt. Ltd. (₹10 each)	**14,000**	**-**	-	-	-	-
ReNew Wind Energy (Karnataka) Pvt. Ltd. (₹10 each)	**10,000**	**0.10**	-	-	-	-
Investment in Preference Shares (At fair value through P & L):						
Associate Company:						
Dwarkesh Energy Ltd. (7% Optionally Convertible Cumulative Redeemable Preference Share (₹100 each)	**11,00,000**	**7.96**	11,00,000	7.17	11,00,000	6.46
Others:						
V. S. Lignite Power Pvt. Ltd. (₹10 each)	**11,14,222**	**0.38**	11,14,222	0.34	11,14,222	0.31
(0.01% Cumulative Redeemable) #						
Investment in Preference Shares (At amortised cost):						
Dhampur Sugar Mills Limited (8% Cumulative Redeemable Preference Shares of ₹100 each) - Redeemable equally on 01.04.2014, 01.04.2015 & 01.04.2016	**-**	**-**	-	-	18,01,817	8.70
Investment in Mutual Fund (At fair value through P & L):						
LIC Nomura Mutual Fund Growth Fund (₹10 each)	**250,000**	**0.51**	2,50,000	0.47	2,50,000	0.53
Investment in Government or Trust Securities (At amortised cost):						
Government Securities (Deposited with Government Department)						
National Savings Certificates (Nil, As at 31.03.2016: ₹25000, As at 01.04.2015: ₹25000)						
		490.17		71.97		79.98
Aggregate amount of quoted Investments		**3.80**		34.52		34.47
Market Value of quoted Investments		**3.80**		34.52		34.47
Aggregate amount of unquoted Investments		**486.37**		37.45		45.51
Aggregate provision for impairment in value of Investments		**-**		-		-

* Pledged with banks for loans availed by certain foreign subsidiaries.

^ Pledged with banks for 51% shareholding out of 64% held.

\# Under lien with Issuer.

Notes to financial statements

₹ in Crores (10 Million)

		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 6	**LOANS** [NON-CURRENT]			
Unsecured, Considered Good:				
Security Deposits		**38.82**	29.29	27.36
Loan to Related Party		**3.50**	3.50	-
		42.32	32.79	27.36

NOTE - 7	**OTHER FINANCIAL ASSETS** [NON-CURRENT]			
Deferred Receivable		**66.19**	75.79	84.86
		66.19	75.79	84.86

NOTE - 8	**OTHER NON-CURRENT ASSETS**			
Advances - Project Related		**15.32**	19.78	58.86
MAT Credit Entitlement		**219.34**	152.25	96.38
Security Deposits		**2.25**	3.22	3.92
Others		**7.27**	7.76	5.87
		244.18	183.01	165.03

NOTE - 9	**INVENTORIES** (*Valued at lower of cost or net realisable value*)			
Raw Materials *		**412.08**	301.17	293.28
Work-in-progress		**44.57**	40.66	49.23
Finished Goods **		**367.44**	346.02	347.48
Stock-in-trade		**49.10**	4.37	4.43
Stores and Spares		**57.59**	47.46	47.20
		930.78	739.68	741.62

* Includes raw materials in transit ₹154.19 crores (As at 31st March, 2016: ₹102.20 crores, As at 1st April, 2015: ₹78.75 crores)

** Includes finished goods in transit ₹0.41 crore (As at 31st March, 2016: Nil , As at 1st April, 2015: ₹1.55 crores)

Notes to financial statements

NOTE - 10 INVESTMENTS [CURRENT](*Unquoted*)

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Numbers	₹ in Crores (10 Million)	Numbers	₹ in Crores (10 Million)	Numbers	₹ in Crores (10 Million)
Investment in Preference Shares (at amortised cost)						
Dhampur Sugar Mills Limited (8% Cumulative Redeemable Preference Shares of ₹100 each)	-	-	18,01,817	18.91	18,01,817	9.01
		-		18.91		9.01

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 11 TRADE RECEIVABLES [CURRENT](*Unsecured*)			
Considered Good	**1469.60**	1210.48	1256.19
Doubtful	**5.63**	4.83	4.49
Less : Allowance for Bad and Doubtful Debts	**(5.63)**	(4.83)	(4.49)
	1469.60	1210.48	1256.19

NOTE - 12 CASH & CASH EQUIVALENTS

Balances with Banks in Current Accounts	**17.81**	18.63	11.53
Remittances in transit and Cheques on hand	**37.83**	36.50	60.84
Cash on hand	**0.07**	0.05	0.08
	55.71	55.18	72.45

NOTE - 13 OTHER BANK BALANCES

Unclaimed Dividend Accounts	**1.18**	0.86	0.71
Deposit Accounts*	**10.43**	6.40	27.04
	11.61	7.26	27.75

* Includes Deposit Repayment Reserve Account ₹10.41 crores (As at 31st March, 2016: ₹5.00 crores, As at 1st April, 2015: ₹4.75 crores), margin money under lien with banks against bank guarantees ₹0.02 crore (As at 31st March, 2016: ₹1.40 crores, As at 1st April, 2015: ₹1.29 crores) and temporary deployment of funds, pending its utilisation Nil (As at 31st March, 2016: Nil , As at 1st April, 2015: ₹21.00 crores).

NOTE - 14 LOANS [CURRENT]

Unsecured, Considered Good			
Loan to Body Corporate	**70.00**	-	-
	70.00	-	-

Notes to financial statements

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE -15 OTHER FINANCIAL ASSETS [CURRENT]			
Unsecured, Considered Good			
Interest Accrued on Investments	**0.45**	0.38	0.39
Recoverable from Related Parties	**6.67**	0.68	0.58
Balances with Government Authorities	**124.55**	85.98	43.06
Deferred Receivable	**9.60**	9.07	8.54
Others	**186.34**	19.38	11.38
	327.61	115.49	63.95

NOTE - 16 CURRENT TAX ASSETS / (LIABILITIES) (NET)			
Current Tax Assets / (Liabilities) (Net)	**(4.36)**	6.02	14.64
	(4.36)	6.02	14.64

NOTE - 17 OTHER CURRENT ASSETS			
MAT Credit Entitlements	**2.49**	2.49	2.49
Balances with Government Authorities	**87.34**	94.96	111.44
Prepaid Expenses	**16.43**	8.25	6.30
Others	**31.37**	31.69	17.67
	137.63	137.39	137.90

₹ in Crores (10 Million)

	Non-Current			Current*		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 18 BORROWINGS [NON-CURRENT]						
Secured Loans						
Term Loans: $						
-Financial Institutions	**304.17**	349.21	332.20	**37.79**	28.43	26.83
-Banks	**1237.87**	1052.93	973.74	**161.57**	121.95	102.10
Loan from Bank	**-**	-	-	**-**	-	50.00
	1542.04	1402.14	1305.94	**199.36**	150.38	178.93
Unsecured Loans						
Term Loan from Others	**16.35**	24.52	32.69	**8.17**	8.17	8.17
Deferred Sales Tax	**-**	19.51	38.67	**23.77**	25.68	25.68
Fixed Deposits	**78.89**	47.32	21.86	**11.73**	12.46	13.33
	95.24	91.35	93.22	**43.67**	46.31	47.18
	1637.28	1493.49	1399.16	**243.03**	196.69	226.11

* Amount payable during next 12 months, disclosed under the head "Other Financial Liabilities [Current]" (Note No. 24).

$ Net of ₹5.37 crores (As at 31st March, 2016: ₹3.53 Crores, As at 1st April, 2015: ₹4.05 crores) for unamortised processing charges.

Notes to financial statements

Notes:

(i) Term Loan of ₹12.86 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 9 equal quarterly instalments.

(ii) Term Loans aggregating ₹19.37 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 ₹16.04 crores is repayable in 5 equal quarterly instalments and the last instalment of ₹3.33 crores from another bank is repayable during 2017-18.

(iii) Term Loans aggregating ₹62.58 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 24 equal quarterly instalments.

(iv) Term Loans aggregating ₹517.35 crores (₹350.59 crores from Banks and Foreign Currency Loan from a Financial Institution amounting to ₹166.76 crores including ₹34.86 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 24 equal quarterly instalments.

(v) Term Loans aggregating ₹795.68 crores (₹244.26 crores from Banks / Financial Institution, Foreign Currency Loan from a Financial Institution amounting to ₹155.61 crores including ₹5.91 crores due to forex reinstatement and Buyer's Credit of ₹395.81 crores net of ₹16.26 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 ₹111.99 crores including ₹6.23 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 28 equal quarterly instalments.

(vii) Foreign Currency Loan from a Bank amounting to ₹226.94 crores net of ₹2.17 crores due to forex reinstatement, secured by first pari passu charge on movable fixed assets at Company's Plants at Rajasthan and Karnataka (excluding those specifically charged to other banks), both present & future is repayable in 28 quarterly instalments commencing from April 2017 Tranche – I ₹97.26 crores [net of ₹2.24 crores due to forex reinstatement] and from March 2018 Tranche – II [₹129.68 crores including ₹0.07 crore due to forex reinstatement].

(viii) Term Loan of ₹24.52 crores from a body corporate is repayable in 12 equal quarterly instalments.

(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) The last instalment of unsecured Deferred Sales Tax of ₹25.68 crores is repayable during 2017-18.

(xi) Fixed Deposits of ₹11.73 crores, ₹39.11 crores and ₹39.78 crores (aggregating ₹90.62 crores) are due for repayment in 2017-18, 2018-19 and 2019-20 respectively.

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 19 OTHER FINANCIAL LIABILITIES [NON-CURRENT]			
Trade Deposits and Others	**300.96**	306.54	330.11
	300.96	306.54	330.11

NOTE - 20 PROVISIONS [NON-CURRENT]			
Provision for Employee Benefits	**18.86**	14.63	13.33
	18.86	14.63	13.33

Notes to financial statements

₹ in Crores (10 Million)

		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE -21	**DEFERRED TAX LIABILITIES (NET)**			
1.	Deferred Tax Liability related to Property, Plant and Equipment	**619.26**	544.82	438.80
2.	Deferred Tax Asset on Expenses / Provision Allowable	**28.39**	44.64	30.29
3.	Deferred Tax Liability / (Asset) - Net	**590.87**	500.18	408.51

NOTE - 22	**OTHER NON-CURRENT LIABILITIES**			
Others		**-**	3.46	8.08
		-	3.46	8.08

NOTE - 23	**BORROWINGS** [CURRENT]			
Secured Loans				
Repayable on Demand from Banks*		**1110.65**	823.84	828.87
		1110.65	823.84	828.87
Unsecured Loans				
Fixed Deposits		**8.41**	7.58	2.34
Loans from:				
-Banks		**225.48**	43.36	133.27
-Others		**150.00**	-	-
		383.89	50.94	135.61
		1494.54	874.78	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.

NOTE - 24	**OTHER FINANCIAL LIABILITIES** [CURRENT]			
Current Maturities of Long Term Borrowings		**243.03**	196.69	226.11
Interest Accrued but not due on Borrowings		**16.06**	15.70	12.44
Unclaimed Dividends #		**1.18**	0.86	0.71
Unclaimed / Uncollected Fixed Deposits and Interest Accrued thereon #		**1.83**	1.85	1.43
Others		**271.72**	298.59	296.20
		533.82	513.69	536.89

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

Notes to financial statements

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 25 OTHER CURRENT LIABILITIES			
Government and Other Statutory Dues	**94.70**	90.65	92.12
Others	**14.75**	16.89	15.79
	109.45	107.54	107.91
NOTE - 26 PROVISIONS [CURRENT]			
Provision for Employee Benefits	**6.51**	5.95	10.62
	6.51	5.95	10.62

₹ in Crores (10 Million)

	2016-2017	2015-2016
NOTE - 27 REVENUE FROM OPERATIONS		
Sale of:		
- Products	**6492.30**	6425.62
- Services	**46.61**	16.88
Other operating revenues:		
- Provision for earlier years written back	**1.06**	0.45
- Miscellaneous Income*	**67.54**	67.08
	6607.51	6510.03

* Includes Government incentive of ₹38.56 crores (Previous Year: ₹42.92 crores)

	2016-2017	2015-2016
NOTE - 28 OTHER INCOME		
Income from Long-term Investments:		
- Dividends	**0.17**	0.19
- Interest	**0.87**	1.94
- Profit / (Loss) on Sale of Investments	**36.16**	1.71
- Fair Value changes in Investments	**1.59**	0.06
Other Interest Income	**16.26**	14.00
Deferred Government Grant	**4.61**	4.62
	59.66	22.52

Notes to financial statements

₹ in Crores (10 Million)

NOTE -29	(INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	2016-2017	2015-2016
Opening Stock			
Finished Goods		**346.02**	347.48
Work-in-progress		**40.66**	49.23
Stock -in-trade		**4.37**	4.43
	(A)	**391.05**	401.14
Closing Stock			
Finished Goods		**367.44**	346.02
Work-in-progress		**44.57**	40.66
Stock -in-trade		**49.10**	4.37
	(B)	**461.11**	391.05
(Increase) / Decrease in Stocks	(A-B)	**(70.06)**	10.09
Less: Adjustments for differential Excise Duty		**(1.32)**	(3.97)
Net (Increase) / Decrease in Stocks		**(68.74)**	14.06

NOTE - 30	EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages		**398.36**	389.86
Contribution to Provident and other Funds		**29.88**	35.13
Employees' Welfare and other Benefits		**106.66**	98.49
		534.90	523.48

NOTE - 31	FINANCE COSTS		
Interest Expenses		**260.42**	232.07
Other Borrowing Costs		**7.16**	4.02
		267.58	236.09

Notes to financial statements

₹ in Crores (10 Million)

NOTE - 32 OTHER EXPENSES	2016-2017	2015-2016
Consumption of Stores and Spares	**57.20**	55.91
Power and Fuel	**231.58**	239.01
Lease Rent	**25.75**	20.24
Freight and Transportation	**252.27**	232.46
Advertisement and Sales Promotion	**107.10**	95.35
Bad Debts written off	**-**	0.79
Provision for Doubtful Debts / Advances	**0.80**	0.79
Corporate Social Responsibility Expenses	**4.35**	4.76
Foreign Exchange Fluctuation Loss (Net)	**2.12**	1.41
Miscellaneous Expenses	**320.13**	293.21
	1001.30	943.93

NOTE - 33

Estimated amount of contracts remaining to be executed on capital account ₹125.97 crores (Previous year: ₹179.37 crores).

NOTE - 34

Contingent liabilities in respect of claims not accepted and not provided for ₹50.12 crores (Previous year: ₹50.34 crores) pertain to Excise & Customs duty matters in appeal ₹8.40 crores, Service tax matters ₹0.55 crore, Sales Tax matters in appeal ₹2.22 crores, Income tax matters in appeal ₹8.87 crores & other matters ₹30.08 crores (Previous year: ₹8.41 crores, ₹0.31 crore, ₹2.19 crores, ₹2.83 crores & ₹36.60 crores respectively).

NOTE - 35

Capital work in progress includes Machinery in stock / transit, construction / erection materials and the following pre-operative expenses pending allocation:

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016
Raw Material Consumption	**-**	2.86
Employee Benefit Expenses	**7.00**	14.53
Insurance Expenses	**-**	0.17
Power and Fuel Consumed	**-**	3.34
Finance Costs	**-**	8.42
Unrealised Exchange Fluctuation on Borrowings	**-**	14.72
Miscellaneous Expenditure	**2.40**	7.70
	9.40	51.74
Less: Scrap Sale	**-**	0.11
	9.40	51.63
Add: Expenditure upto previous year	**1.57**	42.53
	10.97	94.16
Less: Transferred to Property, Plant and Equipment	**8.76**	92.59
	2.21	1.57

Notes to financial statements

NOTE - 36

Debts / Advances include ₹53.61 crores (Previous year: ₹3.62 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 - 37

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 - 38

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

NOTE - 39

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 - 40

a. Forward Contracts for hedging Receivables - Nil (Previous year: US $ 47 Million) and for hedging payables – US $ 33.70 Million (Previous year: US $ 38.50 Million) are outstanding as at 31.03.2017.

b. Foreign currency exposure unhedged net payable is ₹885.19 crores – US $ 136.52 Million (Previous year: ₹1054.83 crores – US $ 159.02 Million) as at 31.03.2017.

NOTE - 41

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 31.03.2017: 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 31.03.2017: Nil (Previous year: Nil).

NOTE - 42

Miscellaneous expenses include ₹0.25 crore (Previous Year: Nil) for political contribution.

NOTE - 43 EXPENDITURE ON RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES DURING THE YEAR

₹ in Crores (10 Million)

	2016-2017	2015-2016
i) Revenue Expenditure*:		
1. Employee Cost	**11.83**	11.15
2. Cost of Materials and Testing Charges	**37.56**	31.27
3. Other R&D Expenses	**5.03**	3.87
Subtotal (i)	**54.42**	46.29
ii) Capital Expenditure	**2.59**	1.52
Total (i+ii)	**57.01**	47.81

* Included in respective revenue accounts.

Notes to financial statements

NOTE - 44 AMOUNT PAID TO AUDITORS

₹ in Crores (10 Million)

Particulars			2016-2017	2015-2016
i)	Statutory Auditors			
	a)	Audit fee	**0.25**	0.21
	b)	Taxation	**0.03**	0.03
	c)	Certificates / other services	**0.10**	0.04
	d)	Reimbursement of expenses	**0.02**	0.02
ii)	Cost Auditors			
	a)	Audit fee	**0.02**	0.02
	b)	Certificates / other services ₹4040 (Previous year: ₹9025)		
	c)	Reimbursement of expenses ₹9175 (Previous year: ₹6150)		

NOTE - 45

Exceptional items include net impact of net gain on sale of certain assets ₹108.05 crores (Previous Year: ₹0.08 crore) and expenditure on VRS for the employees ₹2.81 crores (Previous Year: ₹12.86 crores).

NOTE - 46 EARNINGS PER SHARE (EPS)

₹ in Crores (10 Million)

		2016-2017	2015-2016
a)	Profit for the year attributable to Equity Shareholders	**332.13**	424.49
b)	Weighted average number of Equity Shares for Basic / Diluted EPS	**22,68,13,480**	22,68,13,480
c)	Earnings per share of ₹2 each		
	- Basic / Diluted	**14.64**	18.72

NOTE - 47

The disclosures required under Ind AS 19 "Employee Benefits" notified in the Companies (Indian Accounting Standards) Rules, 2015 are as given below:

a) Defined Benefit Plan

(i)

₹ in Crores (10 Million)

Particulars			Leave Encashment (Non Funded)		Gratuity (Funded)	
			2016-2017	2015-2016	2016-2017	2015-2016
I.	**Change in the Present Value of Obligation**					
	1)	Present Value of Defined Benefit Obligation at the beginning of the year	**18.69**	17.19	**97.16**	97.11
	2)	Current Service Cost	**6.11**	3.66	**5.50**	7.83
	3)	Interest Expense or Cost	**1.51**	1.19	**7.83**	7.35
	4)	Remeasurement (or actuarial) (gain) / loss arising from:				
		- change in financial assumptions	**1.45**	0.02	**4.39**	(0.23)
		- experience variance (i.e. actual experience vs assumptions)	**4.29**	4.14	**4.49**	6.64
	5)	Benefit Paid	**(7.50)**	(7.50)	**(11.56)**	(21.55)
	6)	Present Value of Obligation as at the end	**24.54**	18.69	**107.80**	97.16

Notes to financial statements

a) Defined Benefit Plan

(i) (Contd.)

₹ in Crores (10 Million)

Particulars	Leave Encashment (Non Funded)		Gratuity (Funded)	
	2016-2017	2015-2016	**2016-2017**	2015-2016
II. Change in the Fair Value of Plan Assets				
1) Fair value of Plan Assets at the beginning of the year	**-**	-	**95.95**	90.96
2) Investment Income	**-**	-	**7.73**	7.28
3) Employer's Contribution	**7.50**	7.50	**18.09**	19.21
4) Benefits Paid	**(7.50)**	(7.50)	**(11.56)**	(21.55)
5) Return on Plan Assets, excluding amount recognised in net Interest Expense	**-**	-	**1.99**	0.05
6) Fair value of Plan Assets as at the end	**-**	-	**112.19**	95.95
III. Expenses recognised in the Statement of Profit & Loss Account *				
1) Current Service Cost	**6.11**	3.66	**5.50**	7.83
2) Net Interest Income / (Cost) on the Net Defined Benefit Liability (Asset)	**1.51**	1.19	**0.10**	0.07
3) Expenses recognised in the Income Statement	**7.62**	4.85	**5.59**	7.90
IV. Other Comprehensive Income				
1) Actuarial (Gains) / Losses				
- change in financial assumptions	**1.45**	0.02	**4.39**	(0.23)
- experience variance (i.e. actual experience vs assumptions)	**4.29**	4.14	**4.49**	6.64
2) Return on Plan Assets, excluding amount recognised in net Interest Expense	**-**	-	**(1.99)**	(0.05)
3) Components of Defined Benefit Costs recognised in Other Comprehensive Income	**5.73**	4.15	**6.89**	6.37
V. Actuarial Assumptions				
1) Discount Rate	**7.40%**	8.06%	**7.40%**	8.06%
2) Expected rate of return on Plan Assets	**-**	-	**7.40%**	8.06%
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 No. 30.

Notes to financial statements

a) Defined Benefit Plan (Contd.)

(ii) ₹ in Crores (10 Million)

Particulars	Leave Encashment					Gratuity				
	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	**2016-2017**	2015-2016	2014-2015	2013-2014	2012-2013
Present Value of Defined Benefit Obligation	**24.54**	18.69	17.19	13.79	12.85	**107.80**	97.16	97.12	81.98	77.80
Fair Value of Plan Assets	**-**	-	-	-	-	**112.19**	95.95	90.97	84.27	76.46
Surplus / (Deficit)	**(24.54)**	(18.69)	(17.19)	(13.79)	(12.85)	**4.39**	(1.21)	(6.15)	2.29	(1.34)
Experience adjustment on Plan Liabilities (Gain) / Loss	**4.29**	4.14	2.42	2.79	1.49	**4.49**	6.64	1.60	4.61	1.10
Experience adjustment on Plan Assets (Gain) / Loss	**-**	-	-	-	-	**(1.99)**	(0.05)	(1.42)	(0.78)	(0.93)

(iii) Sensitivity analysis

Reasonably possible changes at the year end, to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as the amounts shown below:

₹ in Crores (10 Million)

Particulars	Leave Encashment				Gratuity			
	31st March 2017		31st March 2016		**31st March 2017**		31st March 2016	
	Decrease	**Increase**	Decrease	Increase	**Decrease**	**Increase**	Decrease	Increase
Discount Rate (- / + 1%)	**27.07**	**22.41**	20.59	17.08	**115.17**	**101.28**	103.85	91.24
Salary Growth Rate (- / + 1%)	**22.35**	**27.09**	17.04	20.61	**101.62**	**114.58**	91.55	103.30
Attrition Rate (- / + 50% of attrition rates)	**24.10**	**24.93**	18.35	18.98	**106.82**	**108.69**	96.25	97.97
Mortality Rate (- / + 10% of mortality rates)	**24.53**	**24.56**	18.68	18.70	**107.76**	**107.84**	97.12	97.19

(iv) 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.

(v) 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.

(vi) Contributions to PF (trust) during the 12 months ended 31st March, 2017 of ₹1.62 crores (Previous Year: ₹1.58 crores) has been included under the head Employee Benefits Expense. (Refer Note No. 30)

(b) Defined Contribution Plans

Employer's Contributions to Provident and other Funds charged off during the 12 months ended 31st March, 2017 of ₹24.65 crores (Previous Year: ₹25.70 crores) has been included under the head Employee Benefits Expense. (Refer Note No. 30)

NOTE - 48 RELATED PARTIES

a) Subsidiaries:

J. K. International Ltd.
J. K. Asia Pacific Ltd. (JKAPL)
J. K. Asia Pacific (S) Pte. Ltd. (JKAPPL - Subs. of JKAPL)
Natext Biosciences Pvt. Ltd. (NBPL) (related w.e.f. 30th Jun, 2015)
Cavendish Industries Ltd. (CIL) (related w.e.f. 13th Apr, 2016)
Lankros Holdings Ltd. (LANKROS)
Sarvi Holdings Switzerland AG. (SARVI - Subs. of LANKROS)
JK Tornel S.A. de C.V. (JKTSA - Subs. of SARVI)
Comercializadora América Universal, S.A. de C.V.*
Compañía Hulera Tacuba, S.A. de C.V.*
Compañía Hulera Tornel, S.A. de C.V. (CHT)*
Compañía Inmobiliaria Norida, S.A. de C.V.*
General de Inmuebles Industriales, S.A. de C.V.*
Gintor Administración, S.A. de C.V.*
Hules y Procesos Tornel, S.A. de C.V.*

* Subsidiary of JKTSA

Notes to financial statements

b) Associates:

Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI)
Valiant Pacific LLC. (VPL – Associate of JKAPPL)
Florence Investech Ltd. (FINVL) (ceased to be related w.e.f. 24th Mar, 2017)
Dwarkesh Energy Ltd. (DEL)

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) Smt. Sunanda Singhania	Non-Executive Non- Independent Director
(viii) Shri Arvind Singh Mewar	Independent Director
(ix) Shri Bakul Jain	Independent Director
(x) Shri Shreekant Somany (w.e.f. 16th Mar, 2016)	Independent Director
(xi) Shri Vimal Bhandari	Independent Director
(xii) Shri Kalpataru Tripathy	Independent Director
(xiii) Dr. Wolfgang Holzbach	Independent Director
(xiv) Shri O.P. Khaitan (since deceased on 06th Dec, 2015)	Independent Director
(xv) Shri Ashok Kumar Kinra	Chief Financial Officer
(xvi) Shri Pawan Kumar Rustagi	Vice President (Legal) & Co. Secretary

d) Post-Employment Benefit Plan Entities:

JK Tyre & Industries Ltd. Employees Provident Fund Optional Scheme, Kolkata. (JKEPFK)
JK Tyre & Industries Ltd. Officers Superannuation Fund, Kolkata. (JKOSFK)
JK Tyre & Industries Ltd. Employees Gratuity Fund, Kolkata. (JKEGFK)
JK Tyre & Industries Ltd. EPF Trust, Vikrant Tyre Unit. (JKEPFV)
JK Tyre & Industries Ltd. Officer's Superannuation Fund Trust. (JKOSFV)
JK Tyre & Industries Ltd. Employees Gratuity Fund Trust. (JKEGFV)

e) Other Related Parties with which Company has transactions:

Bengal & Assam Company Ltd. (BACL) – Enterprise which holds more than 20% shares in the Company.

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	Subsidiaries	Associates	Other Related Parties	TOTAL
Sale of Tyres to CHT, VPL	**96.29**	**241.61**		**337.90**
Sale of Tyres to CHT, VPL	(16.81)	(259.26)		(276.07)
Sale of Goods to CIL	**127.49**			**127.49**
Sale of Goods to CHT	(0.02)			(0.02)
Sale of Capital Items to CIL- 6.52, CHT, HASETRI	**6.80**	**0.11**		**6.91**
Purchase of Goods from CIL - 542.78, Prototype from NBPL	**543.02**			**543.02**
Purchase of Stores from CHT - 0.18, Prototype from NBPL	(0.29)			(0.29)
Purchase of Capital Items from CIL	**0.33**			**0.33**

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	Other Related Parties	TOTAL
Sharing of Expenses received - CIL, HASETRI - 3.37, FINVL & BACL	**0.01**	**3.38**	**0.02**	**3.41**
Sharing of Expenses received - HASETRI - 2.21, FINVL & BACL		(2.22)	(0.02)	(2.24)
Sharing of Expenses paid - BACL			**0.48**	**0.48**
Sharing of Expenses paid - BACL			(0.39)	(0.39)
Services Availed - JKAPPL - 0.59, CIL, HASETRI - 21.27, VPL	**0.64**	**21.43**		**22.07**
Services Availed - JKAPPL, HASETRI - 23.15, VPL	(0.58)	(23.33)		(23.91)
Services Rendered to CIL- 25.73, JKTSA	**41.45**			**41.45**
Services Rendered to JKTSA	(15.43)			(15.43)
Security Deposits given to BACL			**0.09**	**0.09**
Advances given - NBPL	(0.68)			(0.68)
Interest Income from NBPL	**0.40**			**0.40**
Interest Income from NBPL	(0.29)			(0.29)
Royalty Income from VPL		**0.89**		**0.89**
Royalty Income from VPL		(1.45)		(1.45)
Loan given to NBPL - 3.50 & Subscription to Right Issue	(4.99)			(4.99)
Contribution to Trusts- JKEPFK- 4.40, JKOSFK- 0.43, JKEGFK- 3.48, JKEPFV - 16.80, JKOSFV- 0.35, JKEGFV			**34.47**	**34.47**
Contribution to Trusts- JKEPFK- 4.09, JKOSFK- 1.50, JKEGFK - 8.80, JKEPFV - 16.72, JKOSFV- 0.49, JKEGFV			(37.07)	(37.07)
Outstanding as at year end:				
Receivable:				
- CHT - 53.40, NBPL - 3.70 & JKTSA - 6.70	**63.80**			**63.80**
- CHT - 7.30, NBPL - 4.18 & JKTSA - 3.52	(15.00)			(15.00)
- VPL - 129.53, HASETRI - 6.29 & BACL - 0.48		**135.82**	**0.48**	**136.30**
- VPL - 148.39 & BACL - 0.39		(148.39)	(0.39)	(148.78)
Payable:				
- CIL- 55.04	**55.04**			**55.04**

Figures in brackets represent amounts pertaining to previous year.

II) ₹ in Crores (10 Million)

Remuneration paid to Key Managerial Personnel	2016-2017	2015-2016
Short-term Employee Benefits	**44.47**	60.06
Post-employment Benefits*		
Other Payments	**1.67**	1.69

* As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included above.

Notes to financial statements

NOTE - 49

Loans and Advances pursuant to Regulation 34(3) read with schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015:

₹ in Crores (10 Million)

	Outstanding as at 31st March, 2017	Maximum Amount Outstanding during 2016-2017	Outstanding as at 31st March, 2016	Maximum Amount Outstanding during 2015-2016	Outstanding as at 1st April, 2015
Loan to Subsidiary (Repayment as per Repayment Schedule)					
- Natext Biosciences Private Limited (for business purpose)	**3.50**	**3.50**	3.50	3.50	-

Note: Advances to employee as per company's policy are not considered.

NOTE - 50 DIVIDENDS

The following dividends were declared and paid by the company during the year:

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
For the year ended March 31, 2016: 125% i.e. ₹2.50 per equity share, (31st March, 2015: 75% i.e. ₹1.50)	**56.70**	34.02
Dividend Distribution Tax thereon	**11.55**	6.93
Total	**68.25**	40.95

The following dividends were proposed by the board of directors in their meeting subject to approval of shareholders at the Annual General Meeting and are not recognised as a liability. Dividend would attract dividend distribution tax when declared or paid.

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
For the year ended March 31, 2017: 125% i.e. ₹2.50 per equity share, (31st March, 2016: 125% i.e. ₹2.50)	**56.70**	56.70
Total	**56.70**	56.70

NOTE - 51 INCOME TAX

(A) Amounts recognised in Statement of Profit and Loss

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
Current Tax	**103.97**	136.53
Mat Credit Entitlement	**(67.09)**	(55.87)
Total	**36.88**	80.66
Deferred Tax		
- Relating to Origination and Reversal of Temporary Differences	**90.69**	95.65
Income Tax Expense Reported in the Statement of Profit or Loss	**127.57**	176.31

Notes to financial statements

(B) Income Tax recognised in Other Comprehensive Income

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
Current Income Tax on Re-measurement Losses on Defined Benefit Plans	**5.06**	3.66
Total	**5.06**	3.66

(C) Income Tax recognised in Equity

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
Deferred Tax on the Assets, whose life is expired and charged to Equity (General Reserve)	-	3.98
Total	-	3.98

(D) Reconciliation of Effective Tax Rate

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
Accounting Profit before Income Tax	**459.70**	600.80
At applicable Statutory Income Tax Rate @ 34.608%	**159.09**	207.93
In House R&D Expenses u/s 35(2AB)	**(14.55)**	(13.17)
Investment Allowance u/s 32AC	**(9.06)**	(21.67)
Exempt Income	**(12.57)**	(0.30)
Others	**4.66**	3.52
Reported Income Tax Expense	**127.57**	176.31
Effective Tax Rate	**27.75%**	29.35%

(E) Reconciliation of Deferred Tax Liabilities (Net)

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016
Opening Balance	**500.18**	408.51
Deferred Tax Expense recognised in:		
Statement of Profit or Loss	**90.69**	95.65
Other Comprehensive Income	-	-
Equity	-	(3.98)
Closing Balance	**590.87**	500.18

Notes to financial statements

NOTE - 52 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the Company:

₹ in Crores (10 Million)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(i) Financial Assets						
(a) At Fair Value through Profit and Loss						
- Investments	**12.24**	**12.24**	9.58	9.58	10.39	10.39
(b) At Amortised Cost						
- Investments	-	-	18.91	18.91	17.71	17.71
- Trade Receivables	**1469.60**	**1469.60**	1210.48	1210.48	1256.19	1256.19
- Others	**573.44**	**573.44**	286.51	286.51	276.37	276.37
Total	**2055.28**	**2055.28**	1525.48	1525.48	1560.66	1560.66
(ii) Financial Liabilities						
At Amortised Cost						
- Borrowings	**3374.85**	**3374.85**	2564.96	2564.96	2589.75	2589.75
- Trade Payables	**910.96**	**910.96**	830.41	830.41	902.64	902.64
- Others	**591.75**	**591.75**	623.54	623.54	640.89	640.89
Total	**4877.56**	**4877.56**	4018.91	4018.91	4133.28	4133.28

The following methods and assumptions were used to estimate the fair values:

1. Cash and short-term deposits, trade receivables, loans, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Other non-current receivables are evaluated by the Company, based on parameters such as interest rates, individual creditworthiness of the counterparty etc. Based on this evaluation, allowances are considered to account for the expected losses of these receivables. As at end of each reporting year, the carrying amounts of such receivables, net of allowances (if any), are not materially different from their calculated fair values.
3. Fair value of Investments in quoted mutual funds and equity shares are based on quoted market price at the reporting date. The fair value of unquoted Investments in preference shares are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The fair value of unquoted Investments in equity shares are estimated on net assets basis.
4. Fair value of borrowings from banks and other non-current financial liabilities, are estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.
5. The fair values of derivatives are calculated using the RBI reference rate as on the reporting date as well as other variable parameters.

Fair Value Hierarchy

All financial assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows:

Level 1 - Quoted prices in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 - Inputs that are not based on observable market data.

Notes to financial statements

FAIR VALUE HIERARCHY (Contd.)

The following table presents the fair value measurement hierarchy of financial assets and liabilities, which have been measured, subsequent to initial recognition, at fair value as at 31st March, 2017, 31st March 2016 and 1st April 2015:

₹ in Crores (10 Million)

Particulars	Level 1	Level 2	Level 3
31st March, 2017			
Financial Assets:			
- Quoted Equity Shares	**3.29**	**-**	**-**
- Unquoted Equity Shares	**-**	**-**	**0.10**
- Unquoted Preference Shares	**-**	**-**	**8.34**
- Mutual Funds	**0.51**	**-**	**-**
Financial Liabilities:			
- Forward Contracts	**-**	**2.75**	**-**
31st March, 2016			
Financial Assets:			
- Quoted Equity Shares	1.55	-	-
- Unquoted Equity Shares	-	-	0.05
- Unquoted Preference Shares	-	-	7.51
- Mutual Funds	0.47	-	-
- Forward Contracts	-	5.70	-
1st April, 2015			
Financial Assets:			
- Quoted Equity Shares	3.09	-	-
- Unquoted Preference Shares	-	-	6.77
- Mutual Funds	0.53	-	-
Financial Liabilities:			
- Forward Contracts	-	3.73	-

There has been no transfer among levels 1, 2 and 3 during the year ended 31st March, 2017.

NOTE - 53

The fair value of Investment property as at 31st March, 2017 is ₹12.41 crores (as at 31st March, 2016: ₹11.86 crores, as at 1st April, 2015: ₹5.00 crores) after considering the rental income from current leases and other assumptions that market participants would use while pricing investment property under current market conditions.

NOTE - 54 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to a variety of financial risks from its operations. The key financial risks include market risk (including foreign currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

- **Market Risk:** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises mainly three types of risk: interest rate risk, currency risk and other price risk such as commodity price risk.

Notes to financial statements

- **Foreign Currency Risk**: Foreign Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has obtained foreign currency borrowings and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk.

  After taking congnisance of the natural hedge, the Company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

  Foreign Currency Sensitivity: The following table demonstrates the sensitivity to a reasonably possible change in USD with all other variables held constant. The impact on company's profit before tax due to changes in the foreign exchange rate is as follows:

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Change in USD	**+ ₹0.25**	+ ₹0.25	+ ₹0.25
Effect on Profit before Tax	**(3.26)**	(7.27)	(13.65)
Change in USD	**- ₹0.25**	- ₹0.25	- ₹0.25
Effect on Profit before Tax	**3.26**	7.27	13.65

- **Interest Rate Risk:** Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any changes in the interest rates environment may impact future rates of borrowing. The Company mitigates this risk by regularly assessing the market scenario, finding appropriate financial instruments, interest rate negotiations with the lenders for ensuring the cost effective method of financing.

  Interest Rate Sensitivity: The following table demonstrates the sensitivity to a reasonably possible change in interest rates on financial assets affected. With all other variables held constant, the company's profit before tax is affected through the impact on finance cost with respect to our borrowing, as follows:

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Change in Basis Points	**+ 25**	+ 25	+ 25
Effect on Profit before Tax	**(8.38)**	(6.30)	(6.31)
Change in Basis Points	**- 25**	- 25	- 25
Effect on Profit before Tax	**8.38**	6.30	6.31

  The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

- **Commodity Price Risk**: The Company is affected by the price volatility of certain commodities. Its operating activities require the purchase of raw material and manufacturing of tyres, and therefore, requires a continuous supply of certain raw materials such as natural rubber, synthetic rubber, carbon black, fabric, beadwire rubber chemicals etc. To mitigate the commodity price risk, the Company has an approved supplier base to get best competitive prices for the commodities and to assess the market to manage the cost without any compromise on quality.

- **Credit Risk**: Credit risk is the risk that counterparty might not honor its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables).

  - **Trade Receivables**: Customer credit risk is managed based on company's established policy, procedures and controls. The company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

    Credit risk is reduced by receiving pre-payments and export letter of credit to the extent possible. The Company has a well defined sales policy to minimize its risk of credit defaults. Outstanding customer receivables are regularly monitored and assessed. Impairment analysis is performed based on historical data at each reporting date on an individual basis. However a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

  - **Deposits with Bank**: The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk .

Notes to financial statements

- **Liquidity Risk**: Liquidity risk is the risk, where the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

The table below summarises the maturity profile of company's financial liabilities based on contractual undiscounted payments:

₹ in Crores (10 Million)

Particulars	Upto 5 years	> 5 years
As at 31st March 2017		
Borrowings*	**2886.81**	**488.04**
Trade and Other Payables	**910.96**	**-**
Other Financial Liabilities	**290.79**	**300.96**
Total	**4088.56**	**789.00**
As at 31st March 2016		
Borrowings*	1923.09	641.87
Trade and Other Payables	830.41	-
Other Financial Liabilities	317.00	306.54
Total	3070.50	948.41
As at 1st April, 2015		
Borrowings*	1952.63	637.12
Trade and Other Payables	902.64	-
Other Financial Liabilities	310.78	330.11
Total	3166.05	967.23

* Including working capital facility from consortium banks renewed every year.

NOTE - 55 CAPITAL MANAGEMENT

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as borrowings less cash and cash equivalents.

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Borrowings	**3374.85**	2564.96	2589.75
Less: Cash and Cash Equivalents	**55.71**	55.18	72.45
Net Debt	**3319.14**	2509.78	2517.30
Equity Share Capital	**45.36**	45.36	45.36
Other Equity	**1628.59**	1374.26	1005.15
Total Capital	**1673.95**	1419.62	1050.51
Capital and Net Debt	**4993.09**	3929.40	3567.81
Gearing Ratio	**66.47%**	63.87%	70.56%

NOTE - 56 RECONCILIATIONS

The following reconciliations provide a quantification of the effect of significant differences arising as a result of transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

– Equity as at 1st April, 2015;

– Equity as at 31st March, 2016;

– Total Comprehensive Income for the year ended 31st March, 2016.

Notes to financial statements

Reconciliation of Equity as at 1st April, 2015

₹ in Crores (10 Million)

	Reference Explanation	Previous GAAP As at 01.04.2015	Ind AS Impact	Ind AS As at 01.04.2015
ASSETS				
(1) Non-current Assets				
(a) Property, Plant and Equipment	A	2354.40	(0.70)	2353.70
(b) Capital Work-in-progress		697.10	-	697.10
(c) Investment Property	A	-	0.70	0.70
(d) Financial Assets				
- Investments	B	83.61	(3.63)	79.98
- Loans		27.36	-	27.36
- Other Financial Assets		84.86	-	84.86
(e) Other Non-current Assets	C	159.16	5.87	165.03
		3406.49	**2.24**	**3408.73**
(2) Current Assets				
(a) Inventories		741.62	-	741.62
(b) Financial Assets				
- Investments		9.01	-	9.01
- Trade Receivables		1256.19	-	1256.19
- Cash and Cash Equivalents		72.45	-	72.45
- Other Bank Balances		27.75	-	27.75
- Other Financial Assets		63.95	-	63.95
(c) Current Tax Assets (Net)		14.64	-	14.64
(d) Other Current Assets	C	137.42	0.48	137.90
		2323.03	**0.48**	**2323.51**
TOTAL ASSETS		**5729.52**	**2.72**	**5732.24**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital		45.36	-	45.36
(b) Other Equity	D	1046.12	(40.97)	1005.15
		1091.48	**(40.97)**	**1050.51**
LIABILITIES				
(1) Non-current Liabilities				
(a) Financial Liabilities				
- Borrowings	E	1415.90	(16.74)	1399.16
- Other Financial Liabilities		330.11	-	330.11
(b) Provisions		13.33	-	13.33
(c) Deferred Tax Liabilities (Net)	G	319.82	88.69	408.51
(d) Other Non-current Liabilities	F	-	8.08	8.08
		2079.16	**80.03**	**2159.19**
(2) Current Liabilities				
(a) Financial Liabilities				
- Borrowings		964.48	-	964.48
- Trade Payables		902.64	-	902.64
- Other Financial Liabilities		536.89	-	536.89
(b) Other Current Liabilities	F	103.30	4.61	107.91
(c) Provisions	H	51.57	(40.95)	10.62
		2558.88	**(36.34)**	**2522.54**
TOTAL EQUITY AND LIABILITIES		**5729.52**	**2.72**	**5732.24**

Notes to financial statements

Explanations for reconciliation of Balance Sheet as previously reported under previous GAAP to Ind AS

A. Under Ind AS, Investment Properties are reclassified from Property, Plant and Equipment and presented separately.

B. Under Ind AS, Investments are valued at 'Fair Value / Amortised Cost', as the case may be, unlike under previous GAAP, where Non current investments were measured at cost less provision for diminution, if such a decline was other than temporary and current investments were valued at lower of cost or market value.

C. Represents Deferred expenses, pursuant to valuation at fair value of Investments in certain Preference shares, which will be debited to profit and loss as expense over the period of such investments.

D. Equity Reconciliation

₹ in Crores (10 Million)

Equity Under Previous GAAP	**1091.48**
Ind AS Impact of:	
Investment as per Amortised Cost / Fair Value (refer note B)	(3.63)
Deferred Expenses (refer note C)	6.35
Borrowings at Amortised Cost (refer note E)	16.74
Deferred Government Grant (refer note F)	(12.69)
Deferred Tax Liability (Net) (refer note G)	(88.69)
Proposed Dividend & Dividend Distribution Tax thereon (refer note H)	40.95
Total	**(40.97)**
Equity Under Ind AS	**1050.51**

E. As per Ind AS, borrowings are valued at amortised cost using effective interest rate method, unlike under previous GAAP, where such borrowing were stated at initial transaction value.

F. As per Ind AS, borrowing pertaining to deferred sales tax is stated at fair value, which was stated at initial transaction value under previous GAAP. The difference between fair value and initial transaction value has been recognised as Deferred Government Grant.

G. The additional Deferred Tax Liability / Asset has also been recognised due to different accounting treatment in respect of certain items as per Ind AS.

H. Under previous GAAP, Proposed Dividend was recognised as liability in the period to which it was related. Under Ind AS, Proposed Dividend is recognised as liability in the period in which it is approved by shareholders.

Notes to financial statements

Reconciliation of Equity as at 31st March, 2016

₹ in Crores (10 Million)

		Reference Explanation	Previous GAAP As at 31.03.2016	Ind AS Impact	Ind AS As at 31.03.2016
ASSETS					
(1)	**Non-current Assets**				
(a)	Property, Plant and Equipment	A	3327.40	(6.24)	3321.16
(b)	Capital Work-in-progress		88.92	-	88.92
(c)	Investment Property	A	-	6.24	6.24
(d)	Financial Assets				
	- Investments	B	76.57	(4.60)	71.97
	- Loans		32.79	-	32.79
	- Other Financial Assets		75.79	-	75.79
(e)	Other Non-current Assets	C	177.64	5.37	183.01
			3779.11	**0.77**	**3779.88**
(2)	**Current Assets**				
(a)	Inventories		739.68	-	739.68
(b)	Financial Assets				
	- Investments	B	15.02	3.89	18.91
	- Trade Receivables		1210.48	-	1210.48
	- Cash and Cash Equivalents		55.18	-	55.18
	- Other Bank Balances		7.26	-	7.26
	- Other Financial Assets		115.49	-	115.49
(c)	Current Tax Assets (Net)		6.02	-	6.02
(d)	Other Current Aassets	C	136.91	0.48	137.39
			2286.04	**4.37**	**2290.41**
TOTAL ASSETS			**6065.15**	**5.14**	**6070.29**
EQUITY AND LIABILITIES					
EQUITY					
(a)	Equity Share Capital		45.36	-	45.36
(b)	Other Equity	D	1371.31	2.95	1374.26
			1416.67	**2.95**	**1419.62**
LIABILITIES					
(1)	**Non-current Liabilities**				
(a)	Financial Liabilities				
	- Borrowings	E	1503.19	(9.70)	1493.49
	- Other Financial Liabilities		306.54	-	306.54
(b)	Provisions		14.63	-	14.63
(c)	Deferred Tax Liabilities (Net)	G	428.11	72.07	500.18
(d)	Other Non-current Liabilities	F	-	3.46	3.46
			2252.47	**65.83**	**2318.30**
(2)	**Current Liabilities**				
(a)	Financial Liabilities				
	- Borrowings		874.78	-	874.78
	- Trade Payables		830.41	-	830.41
	- Other Financial Liabilities		513.69	-	513.69
(b)	Other Current Liabilities	F	102.93	4.61	107.54
(c)	Provisions	H	74.20	(68.25)	5.95
			2396.01	**(63.64)**	**2332.37**
TOTAL EQUITY AND LIABILITIES			**6065.15**	**5.14**	**6070.29**

Notes to financial statements

Explanations for reconciliation of Balance Sheet as previously reported under previous GAAP to Ind AS

A. Under Ind AS, Investment Properties are reclassified from Property, Plant and Equipment and presented separately.

B. Under Ind AS, Investments are valued at 'Fair Value / Amortised Cost', as the case may be, unlike under previous GAAP, where Non current investments were measured at cost less provision for diminution, if such a decline was other than temporary and current investments were valued at lower of cost or market value.

C. Represents Deferred expenses, pursuant to valuation at fair value of Investments in certain Preference shares, which will be debited to profit and loss as expense over the period of such investments.

D. Equity Reconciliation

₹ in Crores (10 Million)

Equity Under Previous GAAP	**1416.67**
Ind AS Impact of:	
Investment as per Amortised cost / Fair Value (refer note B)	(0.71)
Deferred Expenses (refer note C)	5.85
Borrowings at amortised cost (refer note E)	9.70
Deferred Government Grant (refer note F)	(8.07)
Deferred Tax Liability (Net) (refer note G)	(72.07)
Proposed Dividend & Dividend Distribution Tax thereon (refer note H)	68.25
Total	**2.95**
Equity Under Ind AS	**1419.62**

E. As per Ind AS, borrowings are valued at amortised cost using effective interest rate method, unlike under previous GAAP, where such borrowing were stated at initial transaction value.

F. As per Ind AS, borrowing pertaining to deferred sales tax is stated at fair value, which was stated at initial transaction value, under previous GAAP. The difference between fair value and initial transaction value has been recognised as Deferred Government Grant.

G. The additional Deferred Tax Liability / Asset has also been recognised due to different accounting treatment in respect of certain items as per Ind AS.

H. Under previous GAAP, Proposed Dividend was recognised as liability in the period to which it was related. Under Ind AS, Proposed Dividend is recognised as liability in the period in which it is approved by shareholders.

Notes to financial statements

Reconciliation of Total Comprehensive Income during 2015-16

₹ in Crores (10 Million)

	Reference Explanation	Previous GAAP 2015-2016	Ind AS Impact	Ind AS 2015-2016
I. Revenue from Operations	A	6564.92	(54.89)	6510.03
II. Other Income		14.98	7.54	22.52
III. Total Income (I+II)		**6579.90**	**(47.35)**	**6532.55**
IV. Expenses				
Cost of Materials Consumed		3311.92	-	3311.92
Purchases of Stock-in-trade		32.70	-	32.70
(Increase)/Decrease in Inventories of Finished Goods, Stock-in-trade and Work-in-progress		14.06	-	14.06
Employee Benefits Expense	B	534.05	(10.57)	523.48
Finance Costs		229.03	7.06	236.09
Depreciation and Amortisation Expense		172.30	-	172.30
Excise Duty on Sales		684.49	-	684.49
Other Expenses	A	998.34	(54.41)	943.93
Total Expenses (IV)		**5976.89**	**(57.92)**	**5918.97**
V. Profit / (Loss) before Exceptional Items and Tax (III-IV)		**603.01**	**10.57**	**613.58**
VI. Exceptional Items		(12.78)	-	(12.78)
VII. Profit / (Loss) before Tax (V+VI)		**590.23**	**10.57**	**600.80**
VIII. Tax Expense				
(1) Current Tax		132.87	3.66	136.53
(2) Mat Credit Entitlement		(55.87)	-	(55.87)
(3) Deferred Tax		112.27	(16.62)	95.65
IX. Profit / (Loss) for the Year (VII-VIII)		**400.96**	**23.53**	**424.49**
X. Other Comprehensive Income				
Items that will not be Reclassified to Profit or Loss:				
- Re-measurement Losses on Defined Benefit Plans	B	-	(10.57)	(10.57)
- Income Tax relating to Items that will not be Reclassified to Profit or Loss	B	-	3.66	3.66
Total Other Comprehensive Income		**-**	**(6.91)**	**(6.91)**
XI. Total Comprehensive Income for the Year (IX+X)	C	**400.96**	**16.62**	**417.58**
XII. Earnings per Equity Share of ₹2 each				
Basic / Diluted		17.68	1.04	18.72

Explanations for reconciliation of Total Comprehensive Income as previously reported under Previous GAAP to Ind AS

A. Under Ind AS, Revenue is recognised at the fair value of the consideration received or receivable. As a result, discounts are required to be reduced from sales. Therefore, a sum of ₹54.89 crores has been reduced from sales with corresponding decrease in other expenses.

B. Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset, which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of the statement of profit and loss.

Notes to financial statements

C. Total Comprehensive Income reconciliation:

	Revenue from Operations	Other Income	Other Comprehensive Income	Employee benefits expense	Finance costs	Other expenses	Current Tax	Deferred Tax	Total Comprehensive Income
Total Comprehensive Income in accordance with previous GAAP									**400.96**
Ind AS Impact of:									
Revenue at Fair Value (Refer A)	(54.89)					(54.89)			-
Investments at Fair Value / Amortised Cost		2.92				0.48			2.44
Deferred Government Grant		4.62							4.62
Re-measurement Losses on Defined Benefit Plans (Refer B)			(10.57)	(10.57)					-
Borrowing Cost using Effective Interest Rate (EIR) Method					7.06				(7.06)
Current Tax			3.66				3.66		-
Deferred Tax								(16.62)	16.62
Total	**(54.89)**	**7.54**	**(6.91)**	**(10.57)**	**7.06**	**(54.41)**	**3.66**	**(16.62)**	**16.62**
Total Comprehensive Income in accordance with Ind AS									**417.58**

NOTE - 57

Pursuant to Notification No. GSR 308(E) dated 30th March, 2017, Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November to 30th December, 2016 as provided in the below table:

₹ in Crores (10 Million)

Particulars	SBNs	Other Denomination	Total
Closing Cash in Hand as on 08.11.2016	0.56	0.13	0.69
Add: Permitted Receipts	-	1.36	1.36
Less: Permitted Payments	-	1.22	1.22
Less: Amount Deposited in Banks	0.56	0.01	0.57
Closing Cash in Hand as on 30.12.2016	**-**	**0.26**	**0.26**

NOTE - 58

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

NOTE - 59

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

As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
Bharat Hari Singhania — *Managing Director*

Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria
Directors

JK Tyre & Industries Limited

Cash Flow Statement for the year ended 31st March, 2017

₹ in Crores (10 Million)

		2016-2017	2015-2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit before Tax and Extraordinary Items	**459.70**	600.80
	Adjustment for:		
	Depreciation and Amortisation expense	**183.58**	172.30
	Finance Costs	**267.58**	236.09
	(Profit) / Loss on Sale of Assets	**(108.05)**	(0.08)
	Deferred Government Grant	**(4.61)**	(4.62)
	Profit on Sale of Investments	**(36.16)**	(1.71)
	Fair Value Changes in Non-Current Investments	**(1.59)**	(0.06)
	Provision for earlier years written back	**(1.06)**	(0.45)
	Unrealised Foreign Exchange Fluctuation	**(4.58)**	(7.71)
	Interest / Dividend Received	**(17.30)**	(16.13)
	Provision for Doubtful Debts / Advances and Bad Debts written off	**0.80**	1.58
	Operating Profit before Working Capital changes	**738.31**	980.01
	(Increase) / Decrease in Trade and Other Receivables	**(303.76)**	(1.56)
	(Increase) / Decrease in Inventories	**(191.10)**	1.94
	Increase / (Decrease) in Trade and Other Payables	**8.95**	(41.06)
	Cash generated from Operations	**252.40**	939.33
	Direct Taxes (Net)	**(88.53)**	(124.25)
	Net Cash from Operating Activities	**163.87**	815.08
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Property, Plant and Equipment	**(236.06)**	(519.95)
	Sale of Property, Plant and Equipment	**(2.66)**	12.69
	Movement in Loans & Advances	**(75.99)**	(3.60)
	Investment in Subsidiary	**(448.04)**	-
	Purchase of Investments	**(0.24)**	(1.55)
	Redemption of Investments	**87.57**	3.37
	Deposit Accounts with Banks	**(4.03)**	20.64
	Interest Received	**16.19**	14.01
	Dividend Received	**0.17**	0.19
	Net Cash used in Investing Activities	**(663.09)**	(474.20)

Cash Flow Statement for the year ended 31st March, 2017

₹ in Crores (10 Million)

	2016-2017	2015-2016
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Short-term Borrowings	**627.34**	5.24
Proceeds from Long-term Borrowings	**377.50**	295.46
Repayment of Borrowings	**(174.55)**	(383.71)
Finance Costs paid	**(262.29)**	(234.19)
Dividend paid (including dividend tax)	**(68.25)**	(40.95)
Net Cash used in Financing Activities	**499.75**	(358.15)
Net increase / (decrease) in Cash and Cash Equivalents	**0.53**	(17.27)
Cash and Cash Equivalents as at the beginning of the year	**55.18**	72.45
Foreign Currency Translation gain / (loss) on Cash and Cash Equivalents	**-**	-
Cash and Cash Equivalents as at the end of the year	**55.71**	55.18
Notes:		
Cash and Cash Equivalents Include:		
- Cash, Cheques on hand and Remittances in transit	**37.90**	36.55
- Balances with Banks	**17.81**	18.63
- Unrealised Translation gain / (loss) on Foreign Currency balances	**-**	-
Total	**55.71**	55.18

As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
Bharat Hari Singhania — *Managing Director*

Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria

Directors

Independent Auditor's Report

To the Members of
JK Tyre & Industries Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of JK Tyre & Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group") and its associates, which comprise the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group and including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and 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 its Associates 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including the Ind AS, of the consolidated financial position of the Group and its Associates, as at 31st March 2017 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other matters

a) We did not audit the financial statements of the thirteen (13) subsidiaries whose financial statements reflect total assets of ₹1779.89 crores as at 31st March, 2017, total revenues of ₹1991.31 crores, total net profit after tax of ₹23.66 crores, total comprehensive income of ₹20.53 and net cash inflow of ₹126.17 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 ₹1.19 crores and total comprehensive income of ₹1.19 crores for the year ended 31st March, 2017, 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 associates, and our report in terms of subsections (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, 2017, as considered in the consolidated financial statements. These financial statements are unaudited (exempted under UK laws as stated in Note No. 1(g)) 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 a associate, namely, Hari Shankar Singhania Elastomer and Tyre Research Institute has not been considered for consolidation as stated in Note No. 1.3(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 Section 143(3) 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 Ind AS financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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, the consolidated statement of cash flows and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the Directors of the Group companies, its Associate company incorporated in India is disqualified as on 31st March 2017 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, its subsidiary companies and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(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 consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its Associates. Refer Note No. 35, 37 & 39 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 companies and associate company incorporated in India.

iv. The Company has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No. 56 to the consolidated Ind AS financial statements.

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

(N. K. LODHA)
Partner
Membership No. 85155

New Delhi, the 15th May, 2017

Annexure - A to the Auditor's 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 Ind AS financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of JK Tyre & Industries Limited ("the Holding Company") and its subsidiary companies which are companies incorporated 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 companies, which are companies incorporated 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 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") issued by ICAI and the Standards on Auditing, issued by ICAI and 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 Ind AS 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 Holding Company and its subsidiary companies, which are companies incorporated 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 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies which are companies incorporated 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
Membership No. 85155

New Delhi, the 15th May, 2017

JK Tyre & Industries Limited

Consolidated Balance Sheet as at 31st March, 2017

₹ in Crores (10 Million)

	Note No.	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ASSETS				
(1) Non-current Assets				
(a) Property, Plant and Equipment	2	**5785.66**	3746.77	2700.60
(b) Capital Work-in-progress		**321.22**	105.72	830.32
(c) Investment Property	3	**6.14**	6.24	0.70
(d) Other Intangible Assets	4	**2.64**	0.04	-
(e) Intangible Assets under Development		**4.30**	-	-
(f) Financial Assets				
- Investments	5	**73.15**	135.16	127.62
- Loans	6	**45.53**	29.35	27.36
- Other Financial Assets	7	**66.20**	75.79	84.86
(g) Deferred Tax Assets (Net)	8	**40.19**	26.08	-
(h) Other Non-current Assets	9	**259.23**	183.01	165.03
		6604.26	4308.16	3936.49
(2) Current Assets				
(a) Inventories	10	**1320.42**	872.52	875.03
(b) Financial Assets				
- Investments	11	**-**	18.91	9.01
- Trade Receivables	12	**1794.64**	1402.71	1434.58
- Cash and Cash Equivalents	13	**260.43**	132.17	162.83
- Other Bank Balances	14	**34.87**	7.26	27.75
- Loans	15	**70.00**	-	-
- Other Financial Assets	16	**330.38**	115.51	64.50
(c) Current Tax Assets (Net)	17	**15.40**	15.32	14.64
(d) Other Current Assets	18	**234.19**	205.57	207.36
		4060.33	2769.97	2795.70
TOTAL ASSETS		**10664.59**	7078.13	6732.19
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	SOCE - I	**45.36**	45.36	45.36
(b) Other Equity	SOCE - II	**1919.42**	1706.07	1314.68
Equity Attributable to Owners of the Parent		**1964.78**	1751.43	1360.04
(c) Non-controlling Interest	SOCE - II	**145.01**	-	-
TOTAL EQUITY		**2109.79**	1751.43	1360.04
LIABILITIES				
(1) Non-current Liabilities				
(a) Financial Liabilities				
- Borrowings	19	**3570.32**	1548.73	1486.86
- Other Financial Liabilities	20	**372.44**	306.54	330.11
(b) Provisions	21	**118.86**	78.69	80.57
(c) Deferred Tax Liabilities (Net)	22	**626.62**	533.66	408.51
(d) Other Non-current Liabilities	23	**-**	3.46	8.08
		4688.24	2471.08	2314.13
(2) Current Liabilities				
(a) Financial Liabilities				
- Borrowings	24	**1805.74**	1111.27	1205.82
- Trade Payables		**1213.74**	955.37	1054.53
- Other Financial Liabilities	25	**596.06**	575.23	588.36
(b) Other Current Liabilities	26	**215.29**	173.65	167.78
(c) Provisions	27	**30.02**	31.62	39.76
(d) Current Tax Liabilities (Net)	28	**5.71**	8.48	1.77
		3866.56	2855.62	3058.02
TOTAL EQUITY AND LIABILITIES		**10664.59**	7078.13	6732.19
Group Overview, Basis of preparation and Significant Accounting Policies.	1			

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

As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
Bharat Hari Singhania — *Managing Director*

Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria
Directors

JK Tyre & Industries Limited

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

₹ in Crores (10 Million)

		Note No.	2016-2017	2015-2016
I.	Revenue from Operations	29	**8317.85**	7582.74
II.	Other Income	30	**65.43**	24.24
III.	**Total Income (I+II)**		**8383.28**	7606.98
IV.	**Expenses**			
	Cost of Materials Consumed		**4451.40**	3789.32
	Purchases of Stock-in-trade		**83.90**	73.98
	(Increase) / Decrease in Inventories of Finished Goods, Work-in-progress and Stock-in-trade		**(192.24)**	6.13
	Employee Benefits Expense	31	**854.30**	770.12
	Finance Costs	32	**440.36**	252.43
	Depreciation and Amortisation Expense		**291.32**	216.13
	Excise Duty on Sales		**628.48**	684.51
	Other Expenses	33	**1359.60**	1142.07
	Total Expenses		**7917.12**	6934.69
V.	**Profit / (Loss) before Exceptional Items and Tax (III-IV)**		**466.16**	672.29
VI.	Exceptional Items	40	**69.08**	(12.78)
VII.	**Profit / (Loss) before Tax (V+VI)**		**535.24**	659.51
VIII.	Tax Expense			
	(1) Current Tax		**140.62**	170.01
	(2) Mat Credit Entitlement		**(73.87)**	(55.87)
	(3) Deferred Tax		**88.67**	88.58
IX.	**Profit / (Loss) after Tax (VII-VIII)**		**379.82**	456.79
X.	**Share in Profit / (Loss) of Associates**		**4.97**	10.52
	Less: Derecognition of Share in Profit of Associate		**(3.73)**	-
XI.	**Profit / (Loss) for the year (IX+X)**		**381.06**	467.31
XII.	**Profit / (Loss) for the year attributable to:**			
	Owners of the Parent		**375.40**	467.31
	Non-controlling Interest		**5.66**	-
XIII.	**Other Comprehensive Income**			
	(A) Items that will not be Reclassified to Profit or Loss:			
	Re-measurement Losses on Defined Benefit Plans		**(24.18)**	(10.57)
	Income Tax Relating to Items that will not be Reclassified to Profit or Loss		**8.16**	3.66
	(B) Items that will be Reclassified to Profit or Loss:			
	Exchange Differences on Translating the Financial Statements of Foreign Operations		**0.18**	9.21
	Total Other Comprehensive Income		**(15.84)**	2.30
XIV.	**Total Comprehensive Income for the year (XI+XIII)**		**365.22**	469.61
XV.	**Other Comprehensive Income for the year attributable to:**			
	Owners of the Parent		**(15.18)**	2.30
	Non-controlling Interest		**(0.66)**	-
XVI.	**Total Comprehensive Income for the year attributable to:**			
	Owners of the Parent		**360.22**	469.61
	Non-controlling Interest		**5.00**	-
XVII.	**Earnings per Equity Share of ₹2 each**			
	Basic / Diluted	41	**16.55**	20.60

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
Bharat Hari Singhania — *Managing Director*

Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari — *Directors*
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria

JK Tyre & Industries Limited
Consolidated Statement of Changes in Equity (SOCE) for the year ended 31st March, 2017

I. SHARE CAPITAL

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Authorised:			
Equity Shares - 62,50,00,000 of ₹2 each	**125.00**	125.00	125.00
14% Cumulative Redeemable Preference Shares - 7,00,000 of ₹100 each	**7.00**	7.00	7.00
Preference Shares - 48,00,000 of ₹100 each	**48.00**	48.00	48.00
	180.00	180.00	180.00
Issued, Subscribed and fully paid up:			
Equity Shares - 22,68,13,480 of ₹2 each			
Balance at the beginning of the year	**45.36**	45.36	45.36
Changes in Equity Share Capital during the year	**-**	-	-
Balance at the end of the year	**45.36**	45.36	45.36

II. OTHER EQUITY

₹ in Crores (10 Million)

Particulars	Securities Premium Reserve	Capital Reserve (a)	Capital Redemption Reserve	Legal Reserve	Retained Earnings		Other Comprehensive Income		Total Attributable to Owners of the Parent	Attributable to Non-controlling Interests	Total
					General Reserve	Surplus in P/L Statement	Exchange differences on translating the financial statements of foreign operations	Re-measurement losses on defined benefit plans			
Restated Balance as at 1st April, 2015	262.88	98.33	7.00	1.80	610.98	350.49	(16.80)	-	1314.68	-	1314.68
Profit for the year						467.31			467.31		467.31
Other Comprehensive Income (Net of Taxes)							9.21	(6.91)	2.30		2.30
Cash Dividend						(34.02)			(34.02)		(34.02)
Dividend Distribution Tax on Cash Dividend						(6.93)			(6.93)		(6.93)
Transfer to Legal Reserve				5.81		(5.81)			-		-
Transfer to General Reserve					150.00	(150.00)			-		-
Reinstatement Gain / (Loss) of Reserve on Consolidation		(17.50)							(17.50)		(17.50)
Depreciation charge arising out of Revaluation for Foreign Subsidiaries and Assets sold / discarded		(20.76)				20.02			(0.74)		(0.74)
Carrying amount of Assets with Nil useful life (Net of Taxes) (b)					(7.52)				(7.52)		(7.52)
Deferred Tax provision for Foreign Subsidiaries (c)						(14.65)			(14.65)		(14.65)
Reserves of Assoicates on Consolidation						3.14			3.14		3.14
As at 31st March, 2016	262.88	60.07	7.00	7.61	753.46	629.55	(7.59)	(6.91)	1706.07	-	1706.07

Consolidated Statement of Changes in Equity (SOCE) for the year ended 31st March, 2017

II. OTHER EQUITY (Contd.)

₹ in Crores (10 Million)

Particulars	Securities Premium Reserve	Capital Reserve (a)	Capital Redemption Reserve	Legal Reserve	Retained Earnings		Other Comprehensive Income		Total Attributable to Owners of the Parent	Attributable to Non-controlling Interests	Total
					General Reserve	Surplus in P/L Statement	Exchange differences on translating the financial statements of foreign operations	Re-measurement losses on defined benefit plans			
Equity Attributable to Non-controlling Interest of Subsidiary acquired									-	140.01	140.01
Profit for the year						375.40			375.40	5.66	381.06
Other Comprehensive Income (Net of Taxes)							0.18	(15.36)	(15.18)	(0.66)	(15.84)
Accumulated Remeasurement loss of Foreign Subsidiaries (d)								(22.30)	(22.30)		(22.30)
Derecognition of Accumulated Reserves of an Associate						(31.82)	(0.29)		(32.11)		(32.11)
Cash Dividends						(56.70)			(56.70)		(56.70)
Dividend Distribution Tax on Cash Dividend						(11.55)			(11.55)		(11.55)
Transfer to Legal Reserve				2.21		(2.21)			-		-
Transfer to General Reserve					150.00	(150.00)			-		-
Reinstatement Gain / (Loss) of Reserve on Consolidation		(24.21)							(24.21)		(24.21)
Depreciation charge arising out of Revaluation for Foreign Subsidiaries		(17.73)				17.73			-		-
As at 31st March, 2017	**262.88**	**18.13**	**7.00**	**9.82**	**903.46**	**770.40**	**(7.70)**	**(44.57)**	**1919.42**	**145.01**	**2064.43**

(a) Represents Capital Reserve on Consolidation.

(b) Represents the carrying amount of certain property, plant and equipment, whose lives have expired as at previous year end, have been charged to General Reserve amounting to ₹7.52 crores (net of deferred tax ₹3.98 crores).

(c) Represents deferred tax provision for transition period upto previous year in respect of certain foreign subsidiaries.

(d) Accumulated remeasurement loss arised on Defined Benfit Plan of foreign subsidiaries upto 31.03.2016 (net of deferred tax of ₹9.56 crores).

As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
Bharat Hari Singhania — *Managing Director*

Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria
Directors

Notes to consolidated financial statements

NOTE - 1 GROUP OVERVIEW, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

1.1 The Group overview:

The Group, JK Tyre and Industries Limited (JKTIL) and its subsidiaries, majorly develops, manufactures, markets and distributes automotive Tyres, Tubes, Flaps and Retreads. The Group markets its tyres for sale to vehicle manufacturers for fitment as original equipments and for sale in replacement markets worldwide. The Group has manufacturing plants located in India and Mexico with worldwide distribution.

These Consolidated financial statements were approved and adopted by board of directors of the Company in their meeting held on May 15, 2017.

1.2 Statement of compliance:

The Consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013.

1.3 Basis of preparation of Consolidated financial statements:

a) The Consolidated Financial Statements comprise of the financial statements of JK Tyre & Industries Limited (Parent Company) and the following as on 31.03.2017:

i) **Subsidiaries:** The Control in subsidiary is gained when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights, it considers all relevant facts and circumstances in assessing the control including the contractual arrangements, potential voting rights, right to direct relevant activities of entity.

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 June, 2015)	100%
Cavendish Industries Ltd., India (w.e.f. 13th April, 2016)	80%
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%

ii) **Associates:** An associate is entity over which the group has significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Name	Status	Ownership Interest
Valiant Pacific LLC., UAE	Audited	49.00%
Florence Investech Limited, India (ceased to be associate w.e.f. 24th March, 2017)	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.

Notes to consolidated financial statements

NOTE - 1 GROUP OVERVIEW, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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, Intra-group transactions and unrealised profits or losses in accordance with Ind AS 110 – "Consolidated Financial Statements". The deferred tax to be recognised for temporary differences arises from elimination of profits and losses resulting from intra group transactions.

c) Non-controlling Interest represents the equity in a subsidiary not attributable, directly or indirectly to a Parent. Non-controlling interest in the net assets of the subsidiaries being consolidated is identified and presented in the consolidated Balance Sheet separately from the equity attributable to the Parent's shareholders and liabilities. Profit or loss and each component of other comprehensive income are attributed to Parent and to the non-controlling interest. Impact of any insignificant and immaterial Non Controlling Interest is not considered.

d) 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 Ind AS 28 – "Investments in Associates and Joint Ventures".

e) 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 statement of profit and loss, other comprehensive income and through its reserves for the balance.

f) 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. However, for associates, Goodwill is not separately recognised but included in the value of investments.

g) The accounts of J. K. International Ltd. are exempt from Audit.

h) 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.

i) In case of foreign subsidiaries, 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 recognised as Other Comprehensive Income/(loss) and disclosed accordingly.

j) Significant Accounting Policies of the financial statements of the company and its subsidiaries are set out in their respective Financial Statements.

k) Exemptions from retrospective application:
Business Combinations: The Company has opted to apply Ind AS 103 prospectively from the date of transition to Ind AS, i.e. 1st April, 2015 onwards. As such, previous GAAP balances relating to assets and liabilities acquired under business combinations entered into before transition date, have been carried forward without any adjustments.

1.4. Significant accounting policies: The significant accounting policies to prepare consolidated financial statements are in uniformity with the standalone financial statements of the Company. Following are the additional policies specifically considered for preparation of consolidated financial statements:

a) Business Combination:

Business Combinations are accounted for using the acquisition method. The cost of acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria are stated at their fair values at the acquisition date except certain assets and liabilities required to be measured as per the applicable standard.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportionate share of the acquiree's identifiable net assets.

Notes to consolidated financial statements

NOTE - 1 COMPANY OVERVIEW, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Contd.)

b) Deferred Tax:

The Company does not recognise deferred tax liability with respect to undistributed retained earnings of subsidiaries and foreign currency translation difference, comprised in Other Comprehensive Income, recognised on consolidation of foreign subsidiaries as the Company controls the timing of distribution of profits and it is probable that the subsidiaries will not distribute the profits in the foreseeable future.

NOTE - 2 PROPERTY, PLANT AND EQUIPMENT

₹ in Crores (10 Million)

Particulars	Gross Value						Depreciation						Net Value	
	As at 31.03.2016	Additions / Adjustments		Sales / Adjust-ments	Translation Adjust-ment @	As at 31.03.2017	Upto 31.03.2016	Additions		Sales / Adjust-ments	Translation Adjust-ment @	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
		New Subsidiary^	For the year^^					New Subsidiary^	For the year					
Land - Freehold#	189.75	388.60	-	-	12.87	**565.48**	-	-	-	-	-	**-**	**565.48**	189.75
	(199.05)	-	-	-	(9.30)	(189.75)	-	-	-	-	-	-	(189.75)	(199.05)
- Leasehold	10.60	-	-	0.01	-	**10.59**	1.54	-	0.11	-	-	**1.65**	**8.94**	9.06
	(10.61)	-	-	(0.01)	-	(10.60)	(1.43)	-	(0.11)	-	-	(1.54)	(9.06)	(9.18)
Buildings *	863.25	271.74	19.58	-	12.93	**1141.64**	190.27	15.07	22.58	-	5.94	**221.98**	**919.66**	672.98
	(672.79)	-	(199.78)	-	(9.32)	(863.25)	(174.66)	-	(19.58)	-	(3.97)	(190.27)	(672.98)	(498.13)
Plant and Equipments	4901.85	1672.72	217.06	335.69	53.62	**6402.32**	2059.70	150.29	260.04	284.61	32.27	**2153.15**	**4249.17**	2842.15
	(3858.02)	-	(1091.29)	(15.06)	(32.40)	(4901.85)	(1894.07)	-	(200.91)	(13.60)	(21.68)	(2059.70)	(2842.15)	(1963.95)
Furniture and Fixtures	23.39	5.43	0.98	0.81	0.65	**28.34**	13.86	1.12	1.97	0.36	0.50	**16.09**	**12.25**	9.53
	(22.60)	-	(1.96)	(0.71)	(0.46)	(23.39)	(13.29)	-	(1.13)	(0.20)	(0.36)	(13.86)	(9.53)	(9.31)
Office Equipments	26.11	0.10	3.97	0.88	0.89	**28.41**	21.07	0.05	2.31	0.71	0.89	**21.83**	**6.58**	5.04
	(23.73)	-	(3.50)	(0.53)	(0.59)	(26.11)	(19.56)	-	(2.47)	(0.38)	(0.58)	(21.07)	(5.04)	(4.17)
Vehicles	29.91	0.52	10.87	4.75	0.46	**36.09**	11.65	0.17	3.50	2.54	0.27	**12.51**	**23.58**	18.26
	(28.29)	-	(7.83)	(5.97)	(0.24)	(29.91)	(11.48)	-	(3.37)	(3.02)	(0.18)	(11.65)	(18.26)	(16.81)
	6044.86	2339.11	252.46	342.14	81.42	**8212.87**	2298.09	166.70	290.51	288.22	39.87	**2427.21**	**5785.66**	3746.77
Previous year	(4815.09)	-	(1304.36)	(22.28)	(52.31)	(6044.86)	(2114.49)	-	(227.57)	(17.20)	(26.77)	(2298.09)	(3746.77)	(2700.60)

Figures in Brackets represent amounts pertaining to previous year.

^ Represents addition of property, plant and equipment pursuant to acquisition of Cavendish Industries Limited on 13th April, 2016.

^^ Net of forex reinstatement ₹25.23 crores (Unamortised forex reinstatement as on 31.03.2017: ₹59.76 crores)

@ Represents translation adjustments arising on consolidation of foreign subsidiaries.

As at 31st. March 2017, title deed of 4.75 acres of land amounting to ₹2.32 crores is yet to be executed in favour of the subsidiary.

* Buildings include ₹2.05 crores constructed on Leased Land and 32 shares held in co-operative housing societies.

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, Property, plant and equipment of certain foreign subsidiaries at Mexico were revalued as at 12th June, 2008 on the basis of report of a certied valuer. The Gross Value includes revaluation of ₹761.25 crores (Previous year: ₹906.86 crores)

NOTE - 3 INVESTMENT PROPERTY

₹ in Crores (10 Million)

Particulars	Gross Value						Depreciation						Net Value	
	As at 31.03.2016	Additions		Sales / Adjust-ments	Translation Adjustment	As at 31.03.2017	Upto 31.03.2016	Additions		Sales / Adjust-ments	Translation Adjust-ment	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
		New Subsidiary	For the year					New Subsidiary	For the year					
Buildings	6.53	-	-	-	-	**6.53**	0.29	-	0.10	-	-	**0.39**	**6.14**	6.24
	(0.94)	-	(5.59)	-	-	(6.53)	(0.24)	-	(0.05)	-	-	(0.29)	(6.24)	(0.70)
	6.53	-	-	-	-	**6.53**	0.29	-	0.10	-	-	**0.39**	**6.14**	6.24
Previous year	(0.94)	-	(5.59)	-	-	(6.53)	(0.24)	-	(0.05)	-	-	(0.29)	(6.24)	(0.70)

Figures in Brackets represent amounts pertaining to previous year.

NOTE - 4 OTHER INTANGIBLE ASSETS

₹ in Crores (10 Million)

Particulars	Gross Value						Depreciation						Net Value	
	As at 31.03.2016	Additions / Adjustments		Sales / Adjust-ments	Translation Adjustment	**As at 31.03.2017**	Upto 31.03.2016	Additions		Sales / Adjust-ments	Translation Adjustment	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016
		New Subsidiary^	For the year					New Subsidiary^	For the year					
Computer Software #	11.83	2.40	1.79	-	-	**16.02**	11.79	0.86	0.73	-	-	**13.38**	**2.64**	0.04
	(11.78)	-	(0.05)	-	-	(11.83)	(11.78)	-	(0.01)	-	-	(11.79)	(0.04)	-
	11.83	2.40	1.79	-	-	**16.02**	11.79	0.86	0.73	-	-	**13.38**	**2.64**	0.04
Previous year	(11.78)	-	(0.05)	-	-	(11.83)	(11.78)	-	(0.01)	-	-	(11.79)	(0.04)	-

Figures in Brackets represent amounts pertaining to previous year.

^ Represents addition of Intangible Assets pursuant to acqusition of Cavendish Industries Limited on 13th April, 2016.

Being amortised over a period of 5 years.

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 5 INVESTMENTS [NON-CURRENT] (*Other than Trade*)			
Investment in Shares:			
Equity	**3.39**	1.60	3.09
Preference	**0.38**	0.34	9.01
Investment in Associates:			
Equity*	**60.91**	125.58	108.53
Preference	**7.96**	7.17	6.46
Mutual Funds	**0.51**	0.47	0.53
Government Securities (Nil, As at 31.03.2016: ₹25000, As at 01.04.2015: ₹25000)			
	73.15	135.16	127.62

* Carrying amount of investment in associates includes Nil (As at 31.03.2016: ₹11.60 crores and As at 01.04.2015: ₹11.60 crores) towards Goodwill as well as share of profits & reserves on consolidation.

NOTE - 6 LOANS [NON-CURRENT]			
Unsecured, Considered Good			
Security Deposits	**45.53**	29.35	27.36
	45.53	29.35	27.36

NOTE - 7 OTHER FINANCIAL ASSETS [NON-CURRENT]			
Deferred Receivable	**66.19**	75.79	84.86
Others	**0.01**	-	-
	66.20	75.79	84.86

Notes to consolidated financial statements

₹ in Crores (10 Million)

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
NOTE - 8 DEFERRED TAX ASSET (NET)						
Deferred Tax Asset are as under:						
1. Deferred Tax Assets						
(i) Expenses / Provision Allowable	**37.69**		40.11		-	
(ii) Unabsorbed Depreciation / Loss	**17.38**	**55.07**	0.78	40.89	-	-
2. Deferred Tax Liability related to Property, Plant & Equipment		**14.88**		14.81		-
3. Deferred Tax Asset - Net		**40.19**		26.08		-

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

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 9 OTHER NON-CURRENT ASSETS			
Advances - Project related	**15.79**	19.78	58.86
MAT Credit Entitlement	**226.91**	152.25	96.38
Security Deposits	**2.25**	3.22	3.92
Others	**14.28**	7.76	5.87
	259.23	183.01	165.03

NOTE - 10 INVENTORIES *(Valued at lower of cost or net realisable value)*			
Raw Materials*	**557.57**	323.58	324.10
Work-in-progress	**86.92**	67.10	68.04
Finished Goods**	**526.25**	416.23	416.45
Stock-in-trade	**64.28**	10.62	11.62
Stores and Spares	**85.40**	54.99	54.82
	1320.42	872.52	875.03

* Includes raw materials in transit ₹181.78 crores (As at 31.03.2016: ₹103.64 crores, As at 01.04.2015: ₹87.42 crores)

** Includes finished goods in transit ₹0.64 crore (As at 31.03.2016: Nil, As at 01.04.2015: ₹4.90 crores)

NOTE - 11 INVESTMENTS [CURRENT]			
Investment in Preference Shares	**-**	18.91	9.01
	-	18.91	9.01

Notes to consolidated financial statements

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 12 TRADE RECEIVABLES [CURRENT] (*Unsecured*)			
Considered Good	**1794.64**	1402.71	1434.58
Doubtful	**14.22**	13.97	12.98
Less: Allowance for Bad and Doubtful debts	**(14.22)**	(13.97)	(12.98)
	1794.64	1402.71	1434.58

NOTE - 13 CASH AND CASH EQUIVALENTS			
Balances with Banks:			
Current Accounts	**45.76**	39.89	35.55
Deposit Accounts	**172.77**	55.58	66.25
Remittances in transit and Cheques on hand	**41.75**	36.54	60.87
Cash on hand	**0.15**	0.16	0.16
	260.43	132.17	162.83

NOTE - 14 OTHER BANK BALANCES			
Unclaimed Dividend Accounts	**1.18**	0.86	0.71
Deposit Accounts*	**33.69**	6.40	27.04
	34.87	7.26	27.75

* Includes Deposit Repayment Reserve Account ₹10.41 crores (As at 31.03.2016: ₹5.00 crores, As at 01.04.2015: ₹4.75 crores), margin money under lien with banks against bank guarantee ₹0.02 crore (As at 31.03.2016: ₹1.40 crores, As at 01.04.2015: ₹1.29 crores), temporary deployment of funds, pending its utilisation Nil (As at 31.03.2016: Nil, As at 01.04.2015: ₹21.00 crores), security deposit with Sales Tax department ₹0.01 crore (previous year: Nil) and fixed depost with banks ₹23.25 crores (previous year: Nil) under DSRA.

NOTE - 15 LOANS [CURRENT]			
Unsecured, Considered Good			
Loan to Body Corporate	**70.00**	-	-
	70.00	-	-

Notes to consolidated financial statements

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 16 OTHER FINANCIAL ASSETS [CURRENT]			
Unsecured, Considered Good			
Interest Accrued on Investments	**0.45**	0.38	0.39
Recoverable from Related Parties	**6.42**	-	0.01
Balance with Government Authorities	**124.55**	85.98	43.06
Deferred Receivable	**9.60**	9.07	8.54
Others	**189.36**	20.08	12.50
	330.38	115.51	64.50

NOTE - 17 CURRENT TAX ASSETS (NET)			
Current Tax Assets (Net)	**15.40**	15.32	14.64
	15.40	15.32	14.64

NOTE - 18 OTHER CURRENT ASSETS			
MAT Credit Entitlements	**2.49**	2.49	2.49
Balances with Government Authorities	**170.89**	160.28	177.71
Prepaid Expenses	**24.04**	11.02	8.44
Others	**36.77**	31.78	18.72
	234.19	205.57	207.36

₹ in Crores (10 Million)

	Non Current			Current*		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 19 BORROWINGS [NON-CURRENT]						
Secured loans						
Term Loans: $						
- Financial Institutions	**975.58**	349.21	332.20	**37.79**	28.43	26.83
- Banks	**2322.97**	1108.17	1061.44	**197.13**	165.07	141.35
Loan from Bank	**-**	-	-	**-**	-	50.00
	3298.55	1457.38	1393.64	**234.92**	193.50	218.18
Unsecured loans						
Term Loan from Others	**190.13**	24.52	32.69	**8.17**	8.17	8.17
Deferred Sales Tax	**-**	19.51	38.67	**23.77**	25.68	25.68
Fixed Deposits	**78.89**	47.32	21.86	**11.73**	12.46	13.33
Loan from Body Corporate	**2.75**	-	-	**-**	-	-
	271.77	91.35	93.22	**43.67**	46.31	47.18
	3570.32	1548.73	1486.86	**278.59**	239.81	265.36

* Amount payable during next 12 months, disclosed under the head "Other Financial Liabilities [Current]" (Note No. 25).

$ Net of ₹19.96 crores (As at 31.03.2016: ₹3.53 crores, As at 01.04.2015: ₹4.05 crores) for unamortised processing charges.

Notes to consolidated financial statements

₹ in Crores (10 Million)

NOTE - 20 OTHER FINANCIAL LIABILITIES [NON-CURRENT]	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Trade Deposits and Others	**372.44**	306.54	330.11
	372.44	306.54	330.11

NOTE - 21 PROVISIONS [NON-CURRENT]	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits	**118.86**	78.69	80.57
	118.86	78.69	80.57

₹ in Crores (10 Million)

NOTE - 22 DEFERRED TAX LIABILITIES (NET)	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
Deferred Tax Liability are as under:						
1. Deferred Tax Liability related to Property, Plant and Equipment		**786.78**		578.44		438.80
2. Deferred Tax Assets						
(i) Expenses / Provision Allowable	**43.93**		44.78		30.29	
(ii) Unabsorbed Depreciation / Loss	**116.23**	**160.16**	-	44.78	-	30.29
3. Deferred Tax Liability - Net		**626.62**		533.66		408.51

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

₹ in Crores (10 Million)

NOTE - 23 OTHER NON-CURRENT LIABILITIES	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Others	**-**	3.46	8.08
	-	3.46	8.08

NOTE - 24 BORROWINGS [CURRENT]	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Secured Loans			
Repayable on Demand from Banks	**1414.99**	1055.49	1048.06
	1414.99	1055.49	1048.06
Unsecured Loans			
Fixed Deposits	**8.41**	7.58	2.34
Loans from:			
- Banks	**232.34**	48.20	155.42
- Others	**150.00**	-	-
	390.75	55.78	157.76
	1805.74	1111.27	1205.82

Notes to consolidated financial statements

₹ in Crores (10 Million)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE - 25 OTHER FINANCIAL LIABILITIES [CURRENT]			
Current maturities of long term borrowings	**278.59**	239.81	265.36
Interest accrued but not due on borrowings	**21.83**	16.66	13.43
Unclaimed dividends #	**1.18**	0.86	0.71
Unclaimed / Uncollected Fixed Deposits and interest accrued thereon #	**1.83**	1.85	1.43
Others	**292.63**	316.05	307.43
	596.06	575.23	588.36

Investor Education and Protection Fund will be indebted as and when due.

NOTE - 26 OTHER CURRENT LIABILITIES			
Government and Other Statutory Dues	**200.53**	156.76	151.99
Others	**14.76**	16.89	15.79
	215.29	173.65	167.78

NOTE - 27 PROVISIONS [CURRENT]			
Provision for Employee Benefits	**30.02**	31.62	39.76
	30.02	31.62	39.76

NOTE - 28 CURRENT TAX LIABILITIES (NET)			
Current Tax Liabilities (Net)	**5.71**	8.48	1.77
	5.71	8.48	1.77

₹ in Crores (10 Million)

	2016-2017	2015-2016
NOTE - 29 REVENUE FROM OPERATIONS		
Sale of:		
- Products	**8050.04**	7503.51
- Services	**37.46**	4.09
Other operating revenues:		
- Provision no longer required	**151.08***	0.46
- Miscellaneous Income**	**79.27**	74.68
	8317.85	7582.74

* Includes ₹150 crores operational compensation received by a subsidiary from its erstwhile holding company.

** Includes Government Incentive of ₹38.56 crores (Previous year: ₹42.92 crores).

Notes to consolidated financial statements

₹ in Crores (10 Million)

	2016-2017	2015-2016
NOTE -30 OTHER INCOME		
Income from Long-term Investments:		
- Dividends	**0.17**	0.03
- Interest	**0.87**	1.94
- Profit / (Loss) on Sale of Investments	**36.16**	1.71
- Fair Value changes in Investments	**1.59**	0.06
Other Interest Income	**22.03**	15.88
Deferred Government Grant	**4.61**	4.62
	65.43	24.24

NOTE - 31 EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	**631.96**	560.14
Contribution to Provident and other Funds	**77.99**	86.06
Employees' Welfare and other Benefits	**144.35**	123.92
	854.30	770.12

NOTE - 32 FINANCE COSTS		
Interest Expenses	**431.25**	248.22
Other Borrowing Costs	**9.11**	4.21
	440.36	252.43

NOTE - 33 OTHER EXPENSES		
Consumption of Stores and Spares	**104.13**	82.80
Power and Fuel	**326.96**	263.86
Lease Rent	**26.04**	20.24
Freight and Transportation	**315.73**	256.70
Advertisement and Sales Promotion	**114.52**	103.49
Bad Debts written off	**-**	1.74
Provision for Doubtful Debts / Advances	**1.15**	2.03
Corporate Social Responsibility Expenses	**4.35**	4.76
Foreign Exchange Fluctuation Loss (Net)	**17.10**	34.98
Miscellaneous Expenses	**449.62**	371.47
	1359.60	1142.07

Notes to consolidated financial statements

NOTE - 34

Estimated amount of contracts remaining to be executed on capital account ₹154.53 crores (Previous year: ₹181.87 crores).

NOTE - 35

Contingent liabilities in respect of claims not accepted and not provided for ₹59.57 crores (Previous year: ₹61.96 crores), pertaining to Excise & Customs duty matters in appeal ₹8.40 crores, Service Tax matters ₹0.55 crore, Sales Tax matters in appeal ₹2.22 crores, Income Tax matters in appeal ₹8.87 crores & other matters ₹39.53 crores (Previous year: ₹8.41 crores, ₹0.31 crore, ₹2.19 crores, ₹2.83 crores & ₹48.22 crores respectively).

NOTE - 36

Debts /Advances include ₹58.40 crores (Previous year: ₹8.93 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 - 37

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 - 38

JKTSA had given Guarantee to a bank against counter indemnity from a body corporate in respect of non-fund based facilities outstanding at year end Nil (Previous year: ₹10.86 crores).

NOTE - 39

The Company has worked out reversal of Modvat Credit availed on exports under Value Based Advance License 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 - 40

Exceptional items include net impact of net gain on sale of certain assets ₹108.07 crores (Previous Year: ₹0.08 crore) and expenditure on VRS for the employees ₹38.99 crores (Previous Year: ₹12.86 crores).

NOTE - 41 EARNINGS PER SHARE (EPS)

₹ in Crores (10 Million)

		2016-2017	2015-2016
a)	Profit for the year attributable to Equity Shareholders of Parent	**375.40**	467.31
b)	Weighted average number of Equity Shares for Basic / Diluted EPS	**22,68,13,480**	22,68,13,480
c)	Earnings per share of ₹2 each		
	- Basic / Diluted	**16.55**	20.60

NOTE - 42

Consolidated financial Statements of the Company include working of Cavendish Industries Ltd., acquired on 13th April, 2016, which restarted its operations in mid of May, 2016. Therefore, the results of the current year are not comparable with previous year.

NOTE - 43

Operating Lease has been entered into by JK Asia Pacific (S) Pte. Ltd. for a remaining lock-in period of 1 year (rental payable ₹0.17 crore for FY 2017-2018).

Notes to consolidated financial statements

NOTE - 44 RELATED PARTIES

a) Associates:

Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI)
Valiant Pacific LLC. (VPL – Associate of JKAPPL)
Florence Investech Ltd. (FINVL) (ceased to be related w.e.f. 24th March, 2017)
Dwarkesh Energy Ltd. (DEL)

b) 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)	Smt. Sunanda Singhania	Non-Executive Non- Independent Director
(viii)	Shri Arvind Singh Mewar	Independent Director
(ix)	Shri Bakul Jain	Independent Director
(x)	Shri Shreekant Somany (w.e.f. 16th Mar, 2016)	Independent Director
(xi)	Shri Vimal Bhandari	Independent Director
(xii)	Shri Kalpataru Tripathy	Independent Director
(xiii)	Dr. Wolfgang Holzbach	Independent Director
(xiv)	Shri O.P. Khaitan (since deceased on 6th Dec, 2015)	Independent Director
(xv)	Shri Ashok Kumar Kinra	Chief Financial Officer
(xvi)	Shri Pawan Kumar Rustagi	Vice President (Legal) & Co. Secretary

c) Employees' Trust for Post-Employment Benefit Plans:

JK Tyre & Industries Ltd. Employees Provident Fund Optional Scheme, Kolkata. (JKEPFK)
JK Tyre & Industries Ltd. Officers Superannuation Fund, Kolkata. (JKOSFK)
JK Tyre & Industries Ltd. Employees Gratuity Fund, Kolkata. (JKEGFK)
JK Tyre & Industries Ltd. EPF Trust, Vikrant Tyre Unit. (JKEPFV)
JK Tyre & Industries Ltd. Officer's Superannuation Fund Trust (JKOSFV)
JK Tyre & Industries Ltd. Employees Gratuity Fund Trust (JKEGFV)

d) Other Related Parties with which Company has transactions:

Bengal & Assam Company Ltd. (BACL) – Enterprise which holds more than 20% shares in the company

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	Other Related Parties	TOTAL
Sale of Tyres to VPL	**241.87**		**241.87**
Sale of Tyres to VPL	(259.57)		(259.57)
Sale of Capital Items to HASETRI	**0.11**		**0.11**
Purchase of Goods from VPL	**20.19**		**20.19**
Purchase of Goods from VPL	(88.82)		(88.82)
Purchase of Capital Items from VPL	**3.67**		**3.67**
Sharing of Expenses received - HASETRI - 3.37, FINVL & BACL	**3.38**	**0.02**	**3.40**
Sharing of Expenses received - HASETRI – 2.21, FINVL & BACL	(2.22)	(0.02)	(2.24)

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: (Contd.)

₹ in Crores (10 Million)

Nature of Transactions	Associates	Other Related Parties	TOTAL
Sharing of Expenses paid - BACL		**0.48**	**0.48**
Sharing of Expenses paid - BACL		(0.39)	(0.39)
Services Availed - HASETRI – 21.54, VPL	**21.70**		**21.70**
Services Availed - HASETRI - 23.15, VPL	(23.33)		(23.33)
Services Rendered to VPL	**1.01**		**1.01**
Services Rendered to VPL	(2.64)		(2.64)
Security Deposits Given to BACL		**0.09**	**0.09**
Loan received from VPL	**116.91**		**116.91**
Interest Paid to VPL	**3.35**		**3.35**
Royalty Income from VPL	**0.89**		**0.89**
Royalty Income from VPL	(1.45)		(1.45)
Contribution to trusts - JKEPFK - 4.40, JKOSFK- 0.43, JKEGFK - 3.48, JKEPFV – 16.80, JKOSFV- 0.35, JKEGFV		**34.47**	**34.47**
Contribution to trusts- JKEPFK- 4.09, JKOSFK- 1.50, JKEGFK - 8.80, JKEPFV – 16.72, JKOSFV- 0.49, JKEGFV		(37.07)	(37.07)
Outstanding as at year end:			
- Receivable:			
- VPL– 5.56, HASETRI – 6.04 & BACL – 0.48	**11.60**	**0.48**	**12.08**
- VPL– 127.34 & BACL – 0.39	(127.34)	(0.39)	(129.85)
- Guarantee Given on behalf of VPL	(10.86)		(10.86)

Figures in brackets represent amounts pertaining to previous year.

II.

₹ in Crores (10 Million)

Remuneration paid to Key Managerial Personnel	2016-2017	2015-2016
Short-term Employee Benefits	44.47	60.06
Post-Employment Benefits*		
Other Payments	1.67	1.69

* As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included above.

Notes to consolidated financial statements

NOTE - 45 OPERATING SEGMENTS

a. Basis for segmentation

An operating segment is component of the Company that engages in the business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. All operating segments' results are reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess their performance.

The Company has reportable segments based on geographical location (India, Mexico and Others), which are the Group's strategic business units. These business units are engaged in developing, manufacturing, marketing and distribution of automotive Tyre, Tubes, Flaps, etc. For each of the business units, the Company's chief operating decision maker reviews internal management reports at least on quarterly basis.

b. Information about reportable segment

Inter segment pricing is determined on an arm's length basis. Information regarding the results of each reportable segment is included below:

₹ in Crores (10 Million)

Particulars	India		Mexico		Others		Total	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
1. Revenue								
External Revenue from Operation	**7778.59**	6510.29	**1214.61**	1102.16	**1.94**	3.22	**8995.14**	7615.67
Inter Segment Sales	**(676.36)**	(32.35)	**-**	-	**(0.93)**	(0.58)	**(677.29)**	(32.93)
Total Sales	**7102.23**	6477.94	**1214.61**	1102.16	**1.01**	2.64	**8317.85**	7582.74
Other Income	**61.92**	22.10	**3.51**	2.14	**-**	-	**65.43**	24.24
Total Revenue	**7164.15**	6500.04	**1218.12**	1104.30	**1.01**	2.64	**8383.28**	7606.98
2. Result								
Segment Result (PBIT) before Exceptional Items	**836.01**	848.63	**69.95**	74.32	**0.56**	1.77	**906.52**	924.72
Finance Costs	**414.00**	236.09	**26.36**	16.33	**-**	0.01	**440.36**	252.43
Profit/ (Loss) before Exceptional Items	**422.01**	612.54	**43.59**	57.99	**0.56**	1.76	**466.16**	672.29
Exceptional Items	**69.07**	(12.78)	**0.01**	-	**-**	-	**69.08**	(12.78)
Profit/ (Loss) before Tax	**491.08**	599.76	**43.60**	57.99	**0.56**	1.76	**535.24**	659.51
Income Taxes	**133.97**	176.07	**21.45**	26.62	**-**	0.03	**155.42**	202.72
Profit/ (Loss) after Tax	**357.11**	423.69	**22.15**	31.37	**0.56**	1.73	**379.82**	456.79
Share of Profit in Associates	**0.05**	10.28	**-**	-	**1.19**	0.24	**1.24**	10.52
Non-controlling Interest	**5.66**	-	**-**	-	**-**	-	**5.66**	-
Net Profit	**351.50**	433.97	**22.15**	31.37	**1.75**	1.97	**375.40**	467.31
3. Other Information								
Segment Assets	**9401.48**	6063.01	**1196.96**	951.76	**66.15**	63.36	**10664.59**	7078.13
Segment Assets include:								
- Investments accounted for using Equity Method	**0.35**	72.08	**-**	-	**60.56**	60.67	**60.91**	132.75
Capital Expenditure	**308.21**	556.79	**19.86**	28.45	**3.65**	0.16	**331.72**	585.40
Depreciation	**247.15**	172.47	**44.07**	43.65	**0.10**	0.01	**291.32**	216.13
Segment Liabilities	**7541.05**	4650.84	**1010.63**	675.56	**3.12**	0.30	**8554.80**	5326.70

c. Major Customer:

Revenue from one customer of the group is ₹941.26 crores (2015-2016: ₹926.11 crores), which is more than 10 percent of the group's total revenue and belongs to Business Unit - India.

Notes to consolidated financial statements

NOTE - 46 INCOME TAX

(A) Amounts recognised in Statement of Profit and Loss

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
Current Tax	**140.62**	170.01
MAT Credit Entitlement	**(73.87)**	(55.87)
Total	**66.75**	114.14
Deferred Tax		
- Relating to Origination and Reversal of Temporary Differences	**88.67**	88.58
Income Tax Expense Reported in the Statement of Profit or Loss	**155.42**	202.72

(B) Income Tax recognised in Other Comprehensive Income

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
Current Income Tax on Re-measurement Losses on Defined Benefit Plans	**8.16**	3.66
Total	**8.16**	3.66

(C) Income Tax recognised in Equity

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
Deferred Tax on the Assets, whose life is expired and charged to Equity (General Reserve)	**-**	3.98
Deferred Tax provision for Foreign Subsidiaries	**9.56**	(14.65)
Total	**9.56**	(10.67)

(D) Reconciliation of Effective Tax Rate

₹ in Crores (10 Million)

Particulars	2016-2017	2015-2016
Accounting Profit before Income Tax	**535.24**	659.51
At applicable Statutory Income Tax Rate @ 34.608%	**185.24**	228.24
In House R&D Expenses u/s 35(2AB)	**(14.55)**	(13.17)
Investment Allowance u/s 35AC	**(9.06)**	(21.67)
Exempt Income	**(12.57)**	(0.30)
Differential Tax Rates of Subsidiaries	**(2.06)**	(3.04)
Others	**8.42**	12.66
Reported Income Tax Expense	**155.42**	202.72
Effective Tax Rate	**29.04%**	30.74%

Notes to consolidated financial statements

(E) Reconciliation of Deferred Tax Liabilities (Net)

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016
Opening Balance	**507.58**	408.51
Deferred Tax Expense recognised in:		
Statement of Profit or Loss	**88.67**	88.58
Equity	**(9.56)**	10.67
Foreign Currency Translation Difference	**(0.26)**	(0.18)
Closing Balance	**586.43**	507.58

NOTE - 47 FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the companies:

₹ in Crores (10 Million)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(i) Financial Assets						
(a) At Fair Value through Profit and Loss						
- Investments	**12.24**	**12.24**	9.58	9.58	10.39	10.39
(b) At Amortised Cost						
- Investments	-	-	18.91	18.91	17.71	17.71
- Trade Receivables	**1794.64**	**1794.64**	1402.71	1402.71	1434.58	1434.58
- Others	**807.41**	**807.41**	360.08	360.08	367.30	367.30
Total	**2614.29**	**2614.29**	1791.28	1791.28	1829.98	1829.98
(ii) Financial Liabilities						
At Amortised Cost						
- Borrowings	**5654.65**	**5654.65**	2899.81	2899.81	2958.04	2958.04
- Trade Payables	**1213.74**	**1213.74**	955.37	955.37	1054.53	1054.53
- Others	**689.91**	**689.91**	641.96	641.96	653.11	653.11
Total	**7558.30**	**7558.30**	4497.14	4497.14	4665.68	4665.68

The following methods and assumptions were used to estimate the fair values:

1. Cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

2. Other non-current receivables are evaluated by the Company, based on parameters such as interest rates, individual creditworthiness of the counterparty etc. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at end of each reporting year, the carrying amounts of such receivables, net of allowances (if any), are not materially different from their calculated fair values.

3. Fair value of Investments in quoted mutual funds and equity shares are based on quoted market price at the reporting date. The fair value of unquoted Investments in preference shares are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The fair value of unquoted Investments in equity shares are estimated on net assets basis.

Notes to consolidated financial statements

4. Fair value of borrowings from banks and other non-current financial liabilities, are estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.

5. The fair values of derivatives are calculated using the RBI reference rate as on the reporting date as well as other variable parameters.

Fair Value Hierarchy

All financial assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows:

Level 1 - Quoted prices in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 - Inputs that are not based on observable market data.

The following table presents the fair value measurement hierarchy of financial assets and liabilities, which have been measured subsequent to initial recognition at fair value as at 31st March, 2017, 31st March 2016 and 1st April 2015:

₹ in Crores (10 Million)

Particulars	Level 1	Level 2	Level 3
31st March, 2017			
Financial Assets:			
- Quoted Equity Shares	**3.29**	**-**	**-**
- Unquoted Equity Shares	**-**	**-**	**0.10**
- Unquoted Preference Shares	**-**	**-**	**8.34**
- Mutual Funds	**0.51**	**-**	**-**
- Option Contracts	**-**	**0.32**	**-**
Financial Liabilities:			
- Forward Contracts	**-**	**2.75**	**-**
31st March, 2016			
Financial Assets:			
- Quoted Equity Shares	1.55	-	-
- Unquoted Equity Shares	-	-	0.05
- Unquoted Preference Shares	-	-	7.51
- Mutual Funds	0.47	-	-
- Forward Contracts	-	5.70	-
1st April, 2015			
Financial Assets:			
- Quoted Equity Shares	3.09	-	-
- Unquoted Preference Shares	-	-	6.77
- Mutual Funds	0.53	-	-
Financial Liabilities:			
- Forward Contracts	-	3.73	-

There has been no transfer among levels 1, 2 and 3 during the year ended 31st March, 2017.

Notes to consolidated financial statements

NOTE - 48

The fair value of Investment property as at 31st March, 2017 is ₹12.41 crores (as at 31st March, 2016: ₹11.86 crores, as at 1st April, 2015: ₹5.00 crores) after considering the rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions.

NOTE - 49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to a variety of financial risks from its operations. The key financial risks include market risk (including foreign currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

- **Market Risk:** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises mainly three types of risk: interest rate risk, currency risk and other price risk such as commodity price risk.

  - **Foreign Currency Risk**: Foreign Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company has obtained foreign currency borrowings and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk.

    After taking congnisance the natural hedge, the company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

    Foreign Currency Sensitivity: The following table demonstrates the sensitivity to a reasonably possible change in USD with all other variables held constant. The impact on company's Profit before Tax due to changes in the foreign exchange rate is as follows:

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Change in USD	**+ ₹0.25**	+ ₹0.25	+ ₹0.25
Effect on Profit before Tax	**(6.07)**	(8.44)	(14.72)
Change in USD	**- ₹0.25**	- ₹0.25	- ₹0.25
Effect on Profit before Tax	**6.07**	8.44	14.72

  - **Interest Rate Risk:** Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any changes in the interest rates environment may impact future rates of borrowing. The Company mitigates this risk by regularly assessing the market scenario, finding appropriate financial instruments, interest rate negotiations with the lenders for ensuring the cost effective method of financing.

    Interest Rate Sensitivity: The following table demonstrates the sensitivity to a reasonable possible change in interest rates on financial assets affected. With all other variables held constant, the company's Profit before Tax is affected through the impact on finance cost with respect to our borrowing, as follows:

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Change in Basis Points	**+ 25**	+ 25	+ 25
Effect on Profit before Tax	**(14.08)**	(7.14)	(7.23)
Change in Basis Points	**- 25**	- 25	- 25
Effect on Profit before Tax	**14.08**	7.14	7.23

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

- o **Commodity Price Risk**: The Company is affected by the price volatility of certain commodities. Its operating activities require the purchase of raw material and manufacturing of tyres and therefore require a continuous supply of certain raw materials such as natural rubber, synthetic rubber, carbon black, fabric, beadwire rubber chemicals etc, To mitigate the commodity price risk, the Company has an approved supplier base to get best competitive prices for the commodities and to assess the market to manage the cost without any compromise on quality.

- ✪ **Credit Risk:** Credit risk is the risk that counterparty might not honor its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables).

  - o **Trade Receivables:** Customer credit risk is managed based on company's established policy, procedures and controls. The company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

    Credit risk is reduced by receiving pre-payments and export letter of credit to the extent possible. The Company has a well defined sales policy to minimize its risk of credit defaults. Outstanding customer receivables are regularly monitored and assessed. Impairment analysis is performed based on historical data at each reporting date on an individual basis. However a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively.

  - o **Deposits with Bank:** The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk.

- ✪ **Liquidity Risk:** Liquidity risk is the risk where the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

The table below summarises the maturity profile of company's financial liabilities based on contractual undiscounted payments:

₹ in Crores (10 Million)

Particulars	Upto 5 years	> 5 years
As at 31st March 2017		
Borrowings*	**4026.51**	**1628.14**
Trade and Other Payables	**1213.74**	**-**
Other Financial Liabilities	**317.47**	**372.44**
Total	**5557.72**	**2000.58**
As at 31st March 2016		
Borrowings*	2254.68	645.13
Trade and Other Payables	955.37	-
Other Financial Liabilities	335.42	306.54
Total	3545.47	951.67
As at 1st April, 2015		
Borrowings*	2320.92	637.12
Trade and Other Payables	1054.53	-
Other Financial Liabilities	323.00	330.11
Total	3698.45	967.23

* Including working capital facility from consortium banks renewed every year.

Notes to consolidated financial statements

NOTE - 50 CAPITAL MANAGEMENT

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as borrowings less cash and cash equivalents.

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Borrowings	**5654.65**	2899.81	2958.04
Less: Cash and Cash Equivalents	**260.43**	132.17	162.83
Net Debt	**5394.22**	2767.64	2795.21
Equity Share Capital	**45.36**	45.36	45.36
Other Equity	**1919.42**	1706.07	1314.68
Total Capital	**1964.78**	1751.43	1360.04
Capital and Net Debt	**7359.00**	4519.07	4155.25
Gearing Ratio	**73.30%**	61.24%	67.27%

NOTE - 51 ACQUISITION OF SUBSIDIARY AND NON-CONTROLLING INTERESTS

On 13th April, 2016, the Company acquired alongwith subsidiary, 80% of the equity shares of Cavendish Industries Limited, a manufacturer of tyres, tubes and flaps and its manufacturing facility is located at Laksar, District Haridwar, Uttrakhand.

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

The acquisition was accounted for in the consolidated financials of the Company using acquisition method and accordingly, all the assets and liabilities were measured at their fair values and the purchase consideration was allocated to the net assets.

The fair value of the purchase consideration as on the date of acquisition was ₹560.04 crores fully paid as cash. The recoginsed amount of identifiable assets acquired and liabilities assumed are as follows:

₹ in Crores (10 Million)

Particulars	Amount
Assets Acquired	
Property, Plant and Equipment	**2172.42**
Intangible Assets	**1.54**
Capital Work-in-progress	**142.27**
Other Non-current Assets	**6.54**
Current Assets	**66.56**
Liabilities assumed	
Non-current Liabilities	**1476.71**
Current Liabilities	**212.57**
Net Identifiable Assets	**700.05**
Non Controlling Interest	**140.01**

Acquisition related cost ₹5.70 crores included in Miscellaneous expenses (Refer Note No. 33).

Notes to consolidated financial statements

NOTE - 52 MATERIAL NON-CONTROLLING INTEREST IN SUBSIDIARY

Summarised financial information of Cavendish Industries Limited, which has material non-controlling interest:

₹ in Crores (10 Million)

Particulars	As at 31.03.2017
Assets	
Non-current Assets	**2320.80**
Current Assets	**458.20**
Liabilities	
Non-current Liabilities	**1729.42**
Current Liabilities	**324.52**
Equity	**725.06**
Percentage of Ownership held by Non-controlling Interest	**20%**
Accumulated non controlling interest	**145.01**
Revenue	**1171.28**
Net Profit / (Loss)	**28.32**
Other Comprehensive Income	**(3.31)**
Total Comprehensive Income	**25.01**
Total Comprehensive Income allocated to Non controlling Interests	**5.00**
Net Cash Inflow / (Outflow) from Operating Activities	**(110.34)**
Net Cash Inflow / (Outflow) from Investing Activities	**(40.34)**
Net Cash Inflow / (Outflow) from Financing Activities	**124.34**
Net Cash Inflow / (Outflow)	**(26.34)**

NOTE - 53 INTEREST IN ASSOCIATES

The summarised aggregate financial information of individually immaterial associates as follows:

₹ in Crores (10 Million)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Carrying Amount of Interests in Associates	**68.87**	132.75	114.99
- Share in Profit	**1.24**	10.52	5.77
- Share in Total Comprehensive Income	**(0.06)**	14.07	5.77
Dividend Received	**0.16**	0.16	-

NOTE - 54 RECONCILIATIONS

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

– Equity as at 1st April, 2015;

– Equity as at 31st March, 2016;

– Total comprehensive income for the year ended 31st March, 2016.

Notes to consolidated financial statements

Reconciliation of Equity as at 1st April, 2015

₹ in Crores (10 Million)

	Reference Explanation	Previous GAAP As at 01.04.2015	Ind AS Impact	Ind AS As at 01.04.2015
ASSETS				
(1) Non-current Assets				
(a) Property, Plant and Equipment	A	2701.30	(0.70)	2700.60
(b) Capital Work-in-progress		830.32	-	830.32
(c) Investment Property	A	-	0.70	0.70
(d) Financial Assets				
- Investments	B	131.25	(3.63)	127.62
- Loans		27.36	-	27.36
- Other Financial Assets		84.86	-	84.86
(e) Other Non-current Assets	C	159.16	5.87	165.03
		3934.25	**2.24**	**3936.49**
(2) Current Assets				
(a) Inventories		875.03	-	875.03
(b) Financial Assets				
- Investments		9.01	-	9.01
- Trade Receivables		1434.58	-	1434.58
- Cash and Cash Equivalents		162.83	-	162.83
- Other Bank Balances		27.75	-	27.75
- Other Financial Assets		64.50	-	64.50
(c) Current Tax Assets (Net)		14.64	-	14.64
(d) Other Current Assets	C	206.88	0.48	207.36
		2795.22	**0.48**	**2795.70**
TOTAL ASSETS		**6729.47**	**2.72**	**6732.19**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital		45.36	-	45.36
(b) Other Equity	D	1355.65	(40.97)	1314.68
		1401.01	**(40.97)**	**1360.04**
LIABILITIES				
(1) Non-current Liabilities				
(a) Financial Liabilities				
- Borrowings	E	1503.60	(16.74)	1486.86
- Other Financial Liabilities		330.11	-	330.11
(b) Provisions		80.57	-	80.57
(c) Deferred Tax Liabilities (Net)	G	319.82	88.69	408.51
(d) Other Non-current Liabilities	F	-	8.08	8.08
		2234.10	**80.03**	**2314.13**
(2) Current Liabilities				
(a) Financial Liabilities				
- Borrowings		1205.82	-	1205.82
- Trade Payables		1054.53	-	1054.53
- Other Financial Liabilities		588.36	-	588.36
(b) Other Current Liabilities	F	163.17	4.61	167.78
(c) Provisions	H	80.71	(40.95)	39.76
(d) Current Tax Liabilities (Net)		1.77	-	1.77
		3094.36	**(36.34)**	**3058.02**
TOTAL EQUITY AND LIABILITIES		**6729.47**	**2.72**	**6732.19**

Notes to consolidated financial statements

Explanations for reconciliation of Consolidated Balance Sheet as previously reported under Previous GAAP to Ind AS

A. Under Ind AS, Investment Properties are reclassified from Property, Plant and Equipment and presented separately.

B. Under Ind AS, Investments are valued at 'Fair Value / Amortised Cost', as the case may be, unlike under previous GAAP, where Non current investments were measured at cost less provision for diminution, if such a decline was other than temporary and current investments were valued at lower of cost or market value.

C. Represents Deferred expenses, pursuant to valuation at fair value of Investments in certain Preference shares, which will be debited to profit and loss as expense over the period of such investments.

D. Equity Reconciliation

₹ in Crores (10 Million)

Equity Under Previous GAAP	**1401.01**
Ind AS Impact of:	
Investment as per Amortised cost/Fair Value (refer note B)	(3.63)
Deferred Expenses (refer note C)	6.35
Borrowings at amortised cost (refer note E)	16.74
Deferred Government Grant (refer note F)	(12.69)
Deferred Tax Liability (Net) (refer note G)	(88.69)
Proposed Dividend & Dividend Distribution Tax thereon (refer note H)	40.95
Total	**(40.97)**
Equity Under Ind AS	**1360.04**

E. As per Ind AS, borrowings are valued at amortised cost using effective interest rate method, unlike under previous GAAP, where such borrowing were stated at initial transaction value.

F. As per Ind AS, borrowing pertaining to deferred sales tax is stated at fair value, which was stated at initial transaction value under previous GAAP. The difference between fair value and initial transaction value has been recognised as Deferred Government Grant.

G. The additional Deferred Tax Liability / Asset has also been recognised due to different accounting treatment in respect of certain items as per Ind AS.

H. Under previous GAAP, Proposed Dividend was recognised as liability in the period to which it was related. Under Ind AS, Proposed Dividend is recognised as liability in the period in which it is approved by shareholders.

Notes to consolidated financial statements

Reconciliation of Equity as at 31st March, 2016

₹ in Crores (10 Million)

	Reference Explanation	Previous GAAP As at 31.03.2016	Ind AS Impact	Ind AS As at 31.03.2016
ASSETS				
(1) Non-current Assets				
(a) Property, Plant and Equipment	A	3753.01	(6.24)	3746.77
(b) Capital Work-in-progress		105.72	-	105.72
(c) Investment Property	A	-	6.24	6.24
(d) Other Intangible Assets		0.04	-	0.04
(e) Financial Assets				
- Investments	B	139.76	(4.60)	135.16
- Loans		29.35	-	29.35
- Other Financial Assets		75.79	-	75.79
(f) Deferred Tax Assets (net)		26.08	-	26.08
(g) Other Non-current Assets	C	177.64	5.37	183.01
		4307.39	**0.77**	**4308.16**
(2) Current Assets				
(a) Inventories		872.52	-	872.52
(b) Financial Assets				
- Investments	B	15.02	3.89	18.91
- Trade receivables		1402.71	-	1402.71
- Cash and cash equivalents		132.17	-	132.17
- Other Bank Balances		7.26	-	7.26
- Other Financial Assets		115.51	-	115.51
(c) Current Tax Assets (Net)		15.32	-	15.32
(d) Other current assets	C	205.09	0.48	205.57
		2765.60	**4.37**	**2769.97**
TOTAL ASSETS		**7072.99**	**5.14**	**7078.13**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital		45.36	-	45.36
(b) Other Equity	D	1703.12	2.95	1706.07
		1748.48	**2.95**	**1751.43**
LIABILITIES				
(1) Non-current Liabilities				
(a) Financial Liabilities				
- Borrowings	E	1558.43	(9.70)	1548.73
- Other Financial Liabilities		306.54	-	306.54
(b) Provisions		78.69	-	78.69
(c) Deferred Tax Liabilities (Net)	G	461.59	72.07	533.66
(d) Other Non-current Liabilities	F	-	3.46	3.46
		2405.25	**65.83**	**2471.08**
(2) Current Liabilities				
(a) Financial Liabilities				
- Borrowings		1111.27	-	1111.27
- Trade payables		955.37	-	955.37
- Other Financial Liabilities		575.23	-	575.23
(b) Other Current Liabilities	F	169.04	4.61	173.65
(c) Provisions	H	99.87	(68.25)	31.62
(d) Current Tax Liabilities (Net)		8.48	-	8.48
		2919.26	**(63.64)**	**2855.62**
TOTAL EQUITY AND LIABILITIES		**7072.99**	**5.14**	**7078.13**

Notes to consolidated financial statements

Explanations for Reconciliation of Consolidated Balance Sheet as previously reported under Previous GAAP to Ind AS

A. Under Ind AS, Investment Properties are reclassified from Property, Plant and Equipment and presented separately.

B. Under Ind AS, Investments are valued at 'Fair Value / Amortised Cost', as the case may be, unlike under previous GAAP, where Non current investments were measured at cost less provision for diminution, if such a decline was other than temporary and current investments were valued at lower of cost or market value.

C. Represents Deferred expenses, pursuant to valuation at fair value of Investments in certain Preference shares, which will be debited to profit and loss as expense over the period of such investments.

D. Equity Reconciliation

₹ in Crores (10 Million)

Equity Under Previous GAAP	**1748.48**
Ind AS Impact of:	
Investment as per Amortised Cost/Fair Value (refer note B)	(0.71)
Deferred Expenses (refer note C)	5.85
Borrowings at Amortised Cost (refer note E)	9.70
Deferred Government Grant (refer note F)	(8.07)
Deferred Tax Liability (Net) (refer note G)	(72.07)
Proposed Dividend & Dividend Distribution Tax thereon (refer note H)	68.25
Total	**2.95**
Equity Under Ind AS	**1751.43**

E. As per Ind AS, borrowings are valued at amortised cost using effective interest rate method, unlike under previous GAAP, where such borrowing were stated at initial transaction value.

F. As per Ind AS, borrowing pertaining to deferred sales tax is stated at fair value, which was stated at initial transaction value, under previous GAAP. The difference between fair value and initial transaction value has been recognised as Deferred Government Grant.

G. The additional Deferred Tax Liability / Asset has also been recognised due to different accounting treatment in respect of certain items as per Ind AS.

H. Under previous GAAP, Proposed Dividend was recognised as liability in the period to which it was related. Under Ind AS, Proposed Dividend is recognised as liability in the period in which it is approved by shareholders.

Notes to consolidated financial statements

Reconciliation of Consolidated Total Comprehensive Income for the year ended 31st March, 2016

₹ in Crores (10 Million)

		Reference Explanation	Previous GAAP 2015-2016	Ind AS Impact	Ind AS 2015-2016
I.	Revenue from Operations	A	7637.63	(54.89)	7582.74
II.	Other Income		16.70	7.54	24.24
III.	**Total Income (I+II)**		**7654.33**	**(47.35)**	**7606.98**
IV.	**Expenses**				
	Cost of Materials Consumed		3789.32	-	3789.32
	Purchases of Stock-in-trade		73.98	-	73.98
	(Increase)/Decrease in Inventories of Finished Goods, Stock-in-trade and Work-in-progress		6.13	-	6.13
	Employee Benefits Expense	B	780.69	(10.57)	770.12
	Finance Costs		245.37	7.06	252.43
	Depreciation and Amortisation Expense	C	196.11	20.02	216.13
	Excise Duty on Sales		684.51	-	684.51
	Other Expenses	A	1196.48	(54.41)	1142.07
	Total Expenses		**6972.59**	**(37.90)**	**6934.69**
V.	**Profit / (Loss) before Exceptional Items and Tax (III-IV)**		**681.74**	**(9.45)**	**672.29**
VI.	Exceptional Items		(12.78)	-	(12.78)
VII.	**Profit / (Loss) before Tax (V+VI)**		**668.96**	**(9.45)**	**659.51**
VIII.	Tax Expense				
	(1) Current Tax		166.35	3.66	170.01
	(2) Mat Credit Entitlement		(55.87)	-	(55.87)
	(3) Deferred Tax		105.20	(16.62)	88.58
IX.	**Profit / (Loss) after Tax**		**453.28**	**3.51**	**456.79**
	Share in Profit / (Loss) of Associates		10.52	-	10.52
X.	**Profit / (Loss) for the period**		**463.80**	**3.51**	**467.31**
XI.	**Other Comprehensive Income**				
	(A) Items that will not be Reclassified to Profit or Loss:				
	Re-measurement Losses on Defined Benefit Plans	B	-	(10.57)	(10.57)
	Income Tax Relating to Items that will not be Reclassified to Profit or Loss	B	-	3.66	3.66
	(B) Items that will be Reclassified to Profit or Loss:				
	Exchange Differences on Translating the Financial Statements of Foreign Operations		-	9.21	9.21
	Total Other Comprehensive Income		**-**	**2.30**	**2.30**
XII.	**Total Comprehensive Income for the period (X + XI)**	D	**463.80**	**5.81**	**469.61**

Explanations for Reconciliation of Consolidated Total Comprehensive Income as previously reported under Previous GAAP to Ind AS

A. Under Ind AS, Revenue is recognised at the fair value of the consideration received or receivable. As a result, discounts are required to be reduced from sales. Therefore, a sum of ₹54.89 crores has been reduced from sales with corresponding decrease in other expenses.

B. Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/ asset, which is recognised in Other Comprehensive Income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of the statement of profit and loss.

C. The depreciation on revlaued portion of property, plant & equipment of foreign subsidiaries were previously not debited to Profit and Loss Account and charged directly from Capital Reserve. Under Ind AS, the depreciation on revalued assets is charged to statement of Profit and loss in full and subsequently, the depreciation on revlaued portion is transfered from Capital Resrve to Retained Earnings.

Notes to consolidated financial statements

D. Total Comprehensive Income Reconciliation

₹ in Crores (10 Million)

	Revenue from Operations	Other Income	Other Comprehensive Income	Employee benefits expense	Finance costs	Depreciation	Other expenses	Current Tax	Deferred Tax	Total Comprehensive Income
Total Comprehensive Income in accordance with previous GAAP										**463.80**
Ind AS Impact of:										
Revenue at Fair Value (Refer A)	(54.89)						(54.89)			-
Investments at Fair Value / Amortised Cost		2.92					0.48			2.44
Deferred Government Grant		4.62								4.62
Re-measurement Losses on Defined Benefit Plans (Refer B)			(10.57)	(10.57)						-
Depreciation Charge arising out of Revaluation for Foreign Subsidiaries (Refer C)						20.02				(20.02)
Borrowing Cost using Effective Interest Rate (EIR) Method					7.06					(7.06)
Exchange Differences on translating the Financial Statements of Foreign Operations			9.21							9.21
Current Tax			3.66					3.66		-
Deferred Tax									(16.62)	16.62
Total	**(54.89)**	**7.54**	**2.30**	**(10.57)**	**7.06**	**20.02**	**(54.41)**	**3.66**	**(16.62)**	**5.81**
Total Comprehensive Income in accordance with Ind AS										**469.61**

Notes to consolidated financial statements

NOTE - 55 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		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9	10
A	**Parent**								
	JK Tyre & Industries Limited	60.46%	1187.83	88.03%	330.45	62.91%	(9.55)	89.09%	320.90
B	**Subsidiaries**								
(a)	**Indian**								
1	Natext Biosciences Private Limited	0.23%	4.63	0.11%	0.39	-	-	0.11%	0.39
2	Cavendish Industries Limited	34.00%	667.97	7.00%	26.27	21.81%	(3.31)	6.37%	22.96
(b)	**Foreign**								
1	J. K. International Limited	0.00%	0.01	-	-	-	-	-	-
2	J. K. Asia Pacific Limited	0.09%	1.71	0.23%	0.86	0.33%	(0.05)	0.23%	0.81
3	J. K. Asia Pacific (S) Pte. Limited	0.06%	1.11	-0.11%	(0.40)	0.53%	(0.08)	-0.13%	(0.48)
4	Lankros Holdings Limited	0.00%	(0.06)	-0.02%	(0.06)	-	-	-0.02%	(0.06)
5	Sarvi Holdings Switzerland AG.	0.00%	(0.09)	0.04%	0.16	0.07%	(0.01)	0.04%	0.15
	JK Tornel & Its Subsidiaries	**9.47%**	**186.33**	**5.90%**	**22.15**	**10.14%**	**(1.54)**	**5.72%**	**20.61**
6	JK Tornel S.A. de C.V. (JKTSA)	-6.49%	(127.51)	-0.19%	(0.71)	-	-	-0.20%	(0.71)
7	Comercializadora América Universal, S.A. de C.V.	0.00%	0.06	0.02%	0.08	-	-	0.02%	0.08
8	Compañía Hulera Tacuba, S.A. de C.V.	2.57%	50.53	-0.88%	(3.29)	-	-	-0.91%	(3.29)
9	Compañía Hulera Tornel, S.A. de C.V.	8.99%	176.63	4.69%	17.60	10.14%	(1.54)	4.46%	16.06
10	Compañía Inmobiliaria Norida, S.A. de C.V.	4.25%	83.56	0.07%	0.25	-	-	0.07%	0.25
11	General de Inmuebles Industriales, S.A. de C.V.	0.48%	9.52	0.39%	1.44	-	-	0.40%	1.44
12	Gintor Administración, S.A. de C.V.	-0.55%	(10.85)	1.60%	6.02	-	-	1.67%	6.02
13	Hules y Procesos Tornel, S.A. de C.V.	0.22%	4.39	0.20%	0.76	-	-	0.21%	0.76
	Less:- Non-controlling Interest @	-7.38%	(145.01)	-1.51%	(5.66)	-4.35%	0.66	-1.39%	(5.00)
C	**Associates (Investment as per the Equity Method)**								
	Indian								
1	Hari Shankar Singhania Elastomer & Tyre Research Institute $	-	-	-	-	-	-	-	-
2	Dwarkesh Energy Limited	-	-	0.01%	0.05	-	-	0.01%	0.05
	Foreign								
	Valiant Pacific LLC	3.07%	60.35	0.32%	1.19	8.56%	(1.30)	-0.03%	(0.11)
	TOTAL	**100.00%**	**1964.78**	**100.00%**	**375.40**	**100.00%**	**(15.18)**	**100.00%**	**360.22**

@ Insignificant and immaterial Non-controlling Interest is not considered.

$ 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 - 56

Pursuant to Notification No. GSR 308(E) dated 30th March, 2017, Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November to 30th December, 2016 as provided in the below table:

₹ in Crores (10 Million)

Particulars	SBNs	Other Denomination	Total
Closing Cash in Hand as on 08.11.2016	0.61	0.14	0.75
Add: Permitted Receipts	-	1.45	1.45
Less: Permitted Payments	-	1.29	1.29
Less: Amount Deposited in Banks	0.61	0.01	0.62
Closing Cash in Hand as on 30.12.2016	**-**	**0.29**	**0.29**

NOTE - 57

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

NOTE - 58

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

NOTE - 59

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

As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
Bharat Hari Singhania — *Managing Director*

Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria
Directors

Notes to consolidated financial statements

₹ in Crores (10 Million)

	2016-2017	2015-2016
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	**535.24**	659.51
Adjustment for:		
Depreciation and Amortisation Expense	**291.32**	216.13
Finance Costs	**440.36**	252.43
(Profit) / Loss on Sale of Assets	**(108.07)**	(0.08)
Deferred Government Grant	**(4.61)**	(4.62)
Profit on Sale of Investment	**(36.16)**	(1.71)
Fair Value Changes in Non-current Investments	**(1.59)**	(0.06)
Provision no longer required	**(151.08)**	(0.46)
Unrealised Foreign Exchange Fluctuation	**5.17**	25.82
Foreign Currency Translation gain / (loss) on Consolidation	**(0.11)**	6.03
Interest / Dividend Received	**(23.07)**	(17.85)
Provision for Doubtful Debts / Advances and Bad debts Written off	**1.15**	3.77
Operating Profit before Working Capital changes	**948.55**	1,138.91
(Increase) / Decrease in Trade and other Receivables	**(500.46)**	(29.76)
(Increase) / Decrease in Inventories	**(444.52)**	(9.45)
Increase / (Decrease) in Trade and other Payables	**233.27**	(36.44)
Cash generated from Operations	**236.84**	1,063.26
Direct Taxes (Net)	**(131.15)**	(160.26)
Net Cash from Operating Activities	**105.69**	903.00
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment	**(278.67)**	(558.77)
Sale of Property, Plant and Equipment	**(2.27)**	12.96
Movement in Loans & Advances	**(75.99)**	(0.10)
Investment in Subsidiary	**(560.04)**	-
Purchase of Investments	**(0.24)**	(0.06)
Sale of Investment	**87.57**	3.37
Deposit Accounts with Banks	**(27.29)**	20.64
Interest Received	**21.49**	15.89
Dividend Received	**0.17**	0.03
Net Cash used in Investing Activities	**(835.27)**	(506.04)

Notes to consolidated financial statements

₹ in Crores (10 Million)

	2016-2017	2015-2016
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Short-term borrowings	**707.61**	5.24
Proceeds from Long-term borrowings	**834.20**	295.46
Repayment of borrowings	**(213.09)**	(431.64)
Finance Costs paid	**(430.52)**	(250.49)
Dividend paid (including Dividend Tax)	**(68.25)**	(40.95)
Net cash used in Financing Activities	**829.95**	(422.38)
Net increase / (decrease) in Cash and Cash Equivalents	**100.37**	(25.42)
Cash and Cash Equivalents as at the beginning of the year	**132.17**	162.83
Cash and Cash Equivalents Taken over on Acquisition of New Subsidiary	**35.27**	-
Foreign Currency Translation gain / (loss) on Cash and Cash Equivalents	**(7.38)**	(5.24)
Cash and Cash Equivalents as at the end of the year	**260.43**	132.17
Notes:		
Cash and Cash Equivalents Include:		
- Cash, Cheques on hand and Remittances in transit	**41.90**	36.70
- Balances with Banks	**225.91**	100.71
- Unrealised Translation gain / (loss) on Foreign Currency balances	**(7.38)**	(5.24)
Total	**260.43**	132.17

As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
Bharat Hari Singhania — *Managing Director*

Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria
Directors

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

₹ in Crores (10 Million)

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 Share-holding
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	J. K. International Ltd.	N.A	Pound	80.9228	1.50	(1.49)	0.01	0.01	-	-	-	-	-	-	100.00
2	J. K. Asia Pacific Ltd.	N.A	HKD $	8.3393	1.67	1.05	5.49	5.49	1.01	0.97	0.82	-	0.82	-	100.00
3	J. K. Asia Pacific (S) Pte. Ltd.	N.A	SGD $	46.3678	0.60	0.64	1.37	1.37	0.34	0.55	(0.40)	-	(0.41)	-	100.00
4	Natext Biosciences Private Ltd.	N.A	INR	N.A	1.50	(0.57)	4.82	4.82	-	2.46	(0.01)	-	(0.01)	-	100.00
5	Cavendish Industries Ltd.	N.A	INR	N.A	50.00	675.13	2,762.04	2,762.04	-	1,171.28	36.47	8.15	28.32	-	80.00
6	Lankros Holdings Ltd.	N.A	Euro	69.2235	27.70	(0.28)	27.50	27.50	27.48	-	(0.06)	-	(0.06)	-	100.00
7	Sarvi Holdings Switzerland AG.	N.A	CHF	64.7463	41.44	(0.79)	40.79	40.79	40.42	0.33	0.14	-	0.14	-	100.00
8	JK Tornel S.A. de C.V. (JKTSA)	N.A	MXN PESO	3.4603	22.07	(113.49)	494.84	494.84	189.15	810.00	(7.76)	(7.05)	(0.71)	-	99.96
9	Comercializadora América Universal, S.A. de C.V.	N.A	MXN PESO	3.4603	0.01	2.99	3.17	3.17	-	0.08	0.08	-	0.08	-	99.96
10	Compañía Hulera Tacuba, S.A. de C.V.	N.A	MXN PESO	3.4603	0.35	38.46	64.79	64.79	-	5.61	(2.51)	0.76	(3.27)	-	99.96
11	Compañía Hulera Tornel, S.A. de C.V.	N.A	MXN PESO	3.4603	74.70	131.83	919.39	919.39	-	1,121.88	42.93	24.27	18.66	-	99.96
12	Compañía Inmobiliaria Norida, S.A. de C.V.	N.A	MXN PESO	3.4603	1.25	109.20	138.53	138.53	-	6.24	1.09	0.84	0.25	-	99.96
13	General de Inmuebles Industriales, S.A. de C.V.	N.A	MXN PESO	3.4603	0.04	28.92	36.61	36.61	-	3.33	1.70	0.27	1.43	-	99.96
14	Gintor Administración, S.A. de C.V.	N.A	MXN PESO	3.4603	0.01	15.23	32.10	32.10	-	38.19	7.90	1.92	5.98	-	99.96
15	Hules y Procesos Tornel, S.A. de C.V. (* ₹1730)	N.A	MXN PESO	3.4603	*	8.08	10.49	10.49	-	1.67	1.05	0.29	0.76	-	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.
1	Latest audited Balance Sheet Date	31.03.2017	31.03.2017	31.03.2017
2	Share of Associates held by the Company on the year end			
	No. of Shares	147	24	350000
	Amount of Investment in Associates	0.21	(₹2400)	0.35
	Extent of Holding %	49.00%	24.00%	35.00%
3	Description of how there is significant influence	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
5	Networth attributable to shareholding as per latest audited Balance Sheet	60.56	9.90 @	0.35
6	Profit / (Loss) for the year			
	Considered in Consolidation	1.19	-	0.05
	Not Considered in Consolidation	1.24	(0.08)	(0.06)

@ 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 - Florence Investech Ltd. sold on 24.03.2017.

As per our report of even date

For LODHA & CO.
Chartered Accountants

N. K. LODHA
Partner

New Delhi, the 15th May, 2017

A. K. KINRA
Chief Financial Officer

P. K. RUSTAGI
Company Secretary

Dr. Raghupati Singhania — *Chairman & Managing Director*
Bharat Hari Singhania — *Managing Director*

Arvind Singh Mewar
Bakul Jain
Smt. Sunanda Singhania
Vimal Bhandari
Kalpataru Tripathy
Anshuman Singhania
Arun K. Bajoria
Directors

THE DETAILS PERTAINING TO REMUNERATION FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017, 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 - 3.8, Shri Bakul Jain - 3.8, Smt. Sunanda Singhania - 3.8, Shri Kalpataru Tripathy - 3.8, Shri Vimal Bhandari - 3.8, Dr. Wolfgang Holzbach - 3.8, Shri Shreekant Somany - 3.8.

Executive Directors: Dr. Raghupati Singhania, Chairman & Managing Director - 434.2, Shri Bharat Hari Singhania, Managing Director - 313.3, Shri A.K. Bajoria, Director & President - International Operations - 108.2, Shri Anshuman Singhania, Whole-time Director - 192.9.

(b) The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

During the financial year, the percentage increase in the remuneration of Shri A.K. Bajoria, Director & President - International Operations - 3.04%, Shri A.K. Kinra, Chief Financial Officer - 19.40%, and Shri P. K. Rustagi, Company Secretary - 21.38%. However remuneration of Dr. Raghupati Singhania, Chairman & Managing Director and Shri Bharat Hari Singhania, Managing Director was decreased by 18.60% and 27.04% respectively. There is no increase in the remuneration of Shri Arvind Singh Mewar, Shri Bakul Jain, Smt. Sunanda Singhania, Shri Vimal Bhandari, Dr. Wolfgang Holzbach and Shri Kalpataru Tripathy. No commission was paid to Shri Shreekant Somany during the previous year and Shri Anshuman Singhania, Whole-time Director was paid remuneration for part of the previous year, therefore, the same are not comparable.

(c) The percentage increase in the median remuneration of employees in the financial year: 3.28%

(d) The number of permanent employees on the rolls of the Company: 6,952

(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 the financial year 2016-17, average increase in the salaries of employees other than the Managerial Personnel was 8.7%. However during the same year, the remuneration for Managerial Personnel was decreased by 1.64%.

(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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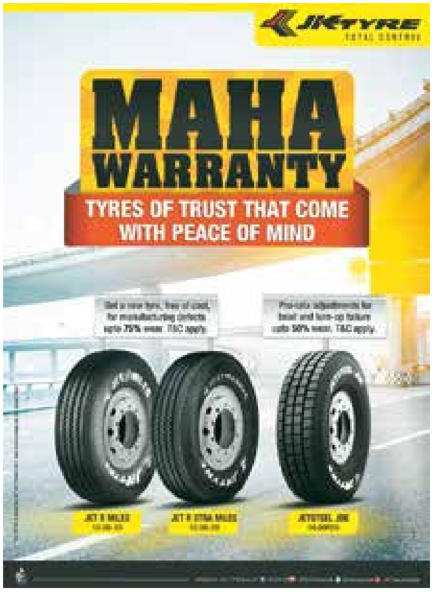

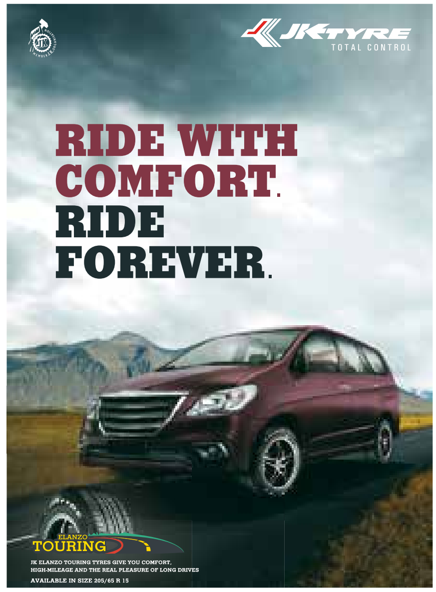

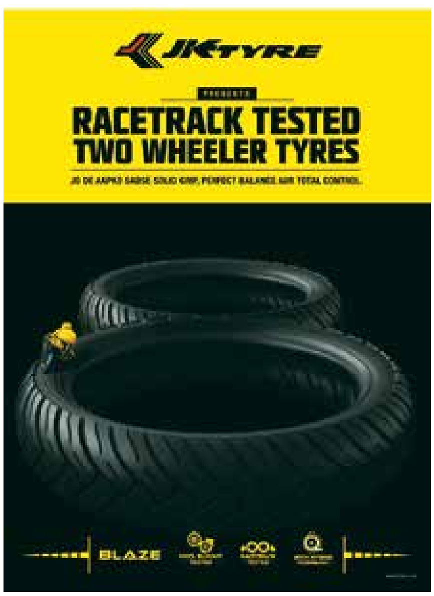

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