

A N N U A L R E P O R T 2 0 1 0 - 2 0 1 1



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Dear Fellow Shareholders,

Indian economy is growing at a rapid pace having recorded a GDP growth of around 8.5% for the year 2010-11. It augurs well for the Indian industry.

Inflation remains a cause of worry. Commodity and crude prices increased steeply during the year which had spiraling affect on the raw material costs across the industry. Recent Government policy initiatives have led to increase in the interest costs. As a result, industrial production slowed down to some extent in the second half of the year.

The automotive sector has performed well during the year with an overall growth of 27%. Production of Truck/Bus increased by 38% and that of Passenger Car by 28%. This growth rate has resulted in robust demand for tyres.

It is a matter of satisfaction that JK Tyre has recorded 33% growth in its Sales Turnover. Profitability was affected due to high raw material costs

which had to be absorbed by the Company, as the tyre prices have not kept pace with such steep cost increase.

JK Tormel, Mexico, a wholly owned subsidiary of your Company also recorded 29% growth in sales and has contributed to the Net Profit of the Company.

JK Tyre, the pioneer in radials, continues to maintain its leadership in the Truck/Bus radial segment. Truck radialisation in India is catching up fast and is expected to accelerate further in the years ahead. Your Company is making large investments to further enhance its Truck/Car radial capacities.

Research & Technology are the main stay of your Company's leadership. The Company has made substantial investment in that regard, to further cement its leadership in the Tyre industry.

I would like to thank all our stakeholders i.e. channel partners, suppliers, financial institutions, Banks and above all our people for their whole hearted support in our endeavours.

With your support, dear Shareholders, JK Tyre will continue to make strides and achieve still greater heights in the times ahead.

Best wishes,

Hari Shankar Singhania
Chairman



Dear Shareholders,

Automotive industry has been growing at an impressive pace, thus propelling the growth of the Indian tyre industry.

The turnover of the Company was an all time high at ₹ 5,268 Crores recording an increase of 33% over the previous year. The consolidated turnover, including JK Tormel – Mexico, was ₹ 6,421 Crores.

The year witnessed an unprecedented increase in prices of raw materials. Natural Rubber prices almost doubled during the year, due to inadequate supply in face of rising demand. Prices of petroleum based raw materials also showed an upward trend, on account of high crude prices. The increase in selling prices could not cover the high cost increases witnessed during the year.

The Company achieved yet another milestone, when it was awarded **“2010 TPM Excellence Award”** by **JIPM** (Japan Institute of Plant Maintenance), in one go, for all its manufacturing locations. It is satisfying that this significant achievement is the first in the entire Indian tyre industry. This reaffirms our Commitment to Quality in our endeavour to deliver world-class products and services.

Your Company is implementing ambitious expansion projects including setting up a green site plant near Chennai. These projects are progressing well and are expected to be completed on schedule. The completion of these projects will further strengthen JK Tyre’s leadership position in the markets.

JK Tyre, the leader in Motorsport has taken yet another major step by acquiring the title rights of renowned world series ‘Formula BMW Pacific’ which, now, is known as “JK Racing Asia Series”.

People are our most precious assets and the Team JK Tyre is committed to rise to every challenge, to meet the growing aspiration of the customers both in India and abroad.

With your continuous support, I am confident that JK Tyre would fulfill its growth aspirations and continue to play its humble role in industrialisation of India.

Best wishes,

A handwritten signature in dark ink, appearing to read 'Raghu' followed by a stylized flourish.

Raghuapati Singhania

Vice Chairman & Managing Director



BOARD OF DIRECTORS

Hari Shankar Singhania

Chairman

Dr. Raghupati Singhania

Vice Chairman & Managing Director

Bharat Hari Singhania

Managing Director

Arvind Singh Mewar

Bakul Jain

Ashok U. Katra

Om Prakash Khaitan

Kalpataru Tripathy

Vikrampati Singhania

Dy. Managing Director

Swaroop Chand Sethi

Whole-time Director

Arun K. Bajoria

President & Director

AUDITORS

Lodha & Co.

Chartered Accountants

BANKERS

Bank of India

Corporation Bank

IDBI Bank Ltd.

Indian Bank

Punjab National Bank

State Bank of Bikaner & Jaipur

State Bank of India

State Bank of Mysore

Syndicate Bank

The Federal Bank Ltd.

UCO Bank

PLANTS

Jaykaygram, Kankroli, Rajasthan

Banmore, Madhya Pradesh

Mysore Plant I, Karnataka

Mysore Plant II, Karnataka

Mysore Plant III, Karnataka

REGISTERED OFFICE

7, Council House Street,

Kolkata - 700 001

ADMINISTRATIVE OFFICE

3, Bahadur Shah Zafar Marg,

New Delhi - 110 002

VICE PRESIDENT (LEGAL) &

COMPANY SECRETARY

P K Rustagi

Visit us at www.jktyre.com

CENTENARY CELEBRATIONS

OF LALA LAKSHMIPAT SINGHANIA

Your Company observed the year as Birth Centenary Year of Late Lala Lakshmipat Singhania, who was a great visionary and a Key Architect of J.K. Organisation. During the year long celebrations, pursuing the ideal of "Caring for the Society", JK Tyre organised various programmes, reaching out to those sections of society who are less privileged, in the vital areas of education, adult literacy, healthcare, sports as also for environmental protection.

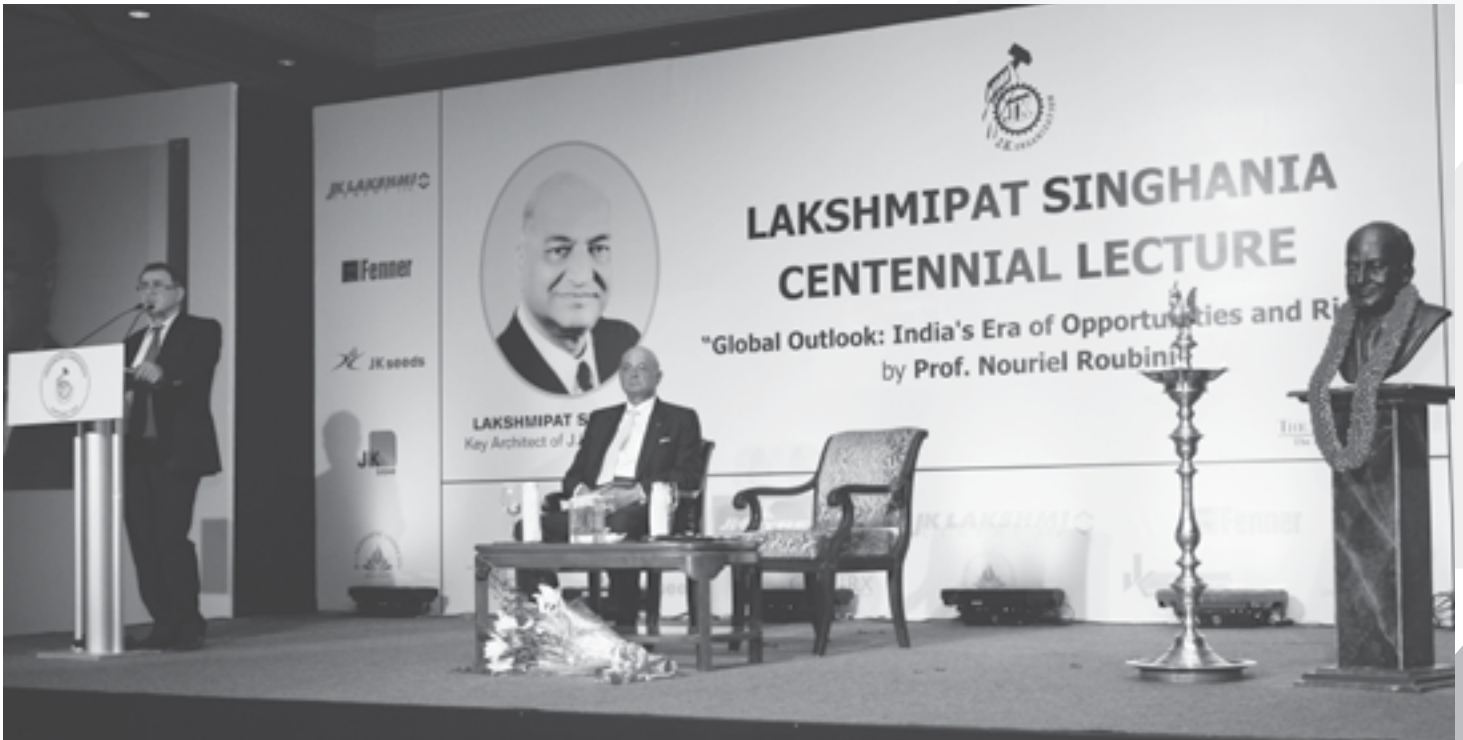
One of the major initiatives taken was to set-up 'JK Lakshmipat University' near Jaipur, which will be dedicated to both Management as well as Technological studies. Your Company has also participated in this project, which is expected to start with the admission of first batch of students in the year 2011 itself.

The noted economist, Prof. Nouriel Roubini of New York University, delivered a Centenary Lecture in his honour, at a well attended function in New Delhi.

It was only befitting that the Nation honoured him by release of a Postage Stamp in his memory, in the hands of Hon'ble President of India, Smt. Pratibha Devisingh Patil, at the Rashtrapati Bhawan.



At a Centenary function held at JK Tyre Plant in Mysore, Dr. Raghupati Singhania distributing teaching aids to students of a school for under privileged children



Prof. Nouriel Roubini delivering the Centenary Lecture in Delhi



Hari Shankar Singhania with Hon'ble President of India Smt. Pratibha Devisingh Patil at Postage Stamp release ceremony



Dr. Raghupati Singhania at the Centenary Celebration function at JK Tyre Plant, Banmore

DIRECTOR'S REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended 31st March 2011.

OPERATIONS

Turnover for the year under review was ₹ 5268 Crores registering a growth of 33% over the previous year. Operating profit for the year was ₹ 277 Crores and Profit Before Tax was ₹ 92 Crores.

Automobile Sales across the sectors continued to grow robustly resulting in higher tyre demand. Spiraling increase in the prices of raw material and their availability is a matter of concern for the tyre industry. There was an unprecedented increase in the prices of natural rubber and other key raw materials. The prices of natural rubber almost doubled during the year. This along with increase in other input costs impacted the profitability of the Company. Several measures to improve all round operations and cost efficiencies were undertaken. However, the revision in selling prices could not keep pace with the abnormal increases in costs.



A.R. Shinde, U.K. Shenoy and A. Chatterjee, the plant heads with Dr Mukhopadhyay, Director (R&D) accompanied by Arun K. Bajoria, President & Director of JK Tyre, alongwith Mr Yoshio Egami at TPM Excellence Award Ceremony at Kyoto, Japan

JK Tornel - Mexico, a wholly owned subsidiary of the Company also recorded a growth of 29% in turnover, at 3177 Million Pesos (₹ 1152 Crores), in face of the slow recovery in South & North American markets.

Despite severe cost pressures, operations contributed to the profitability of the Company.

With the Indian economy growing at a healthy pace and automobile industry making rapid strides, the demand of tyres is expected to increase sizably. Your Company has undertaken several expansion projects to meet the rising demand for its tyres.

DIVIDEND

Your Directors are pleased to recommend dividend of ₹ 3.00 per Equity Share of ₹ 10 each (i.e. 30 %) on the Equity Share Capital of ₹ 41.06 Crores. The dividend outgo will be ₹ 14.32 Crores (inclusive of dividend tax of ₹ 2.00 Crores).

APPROPRIATIONS

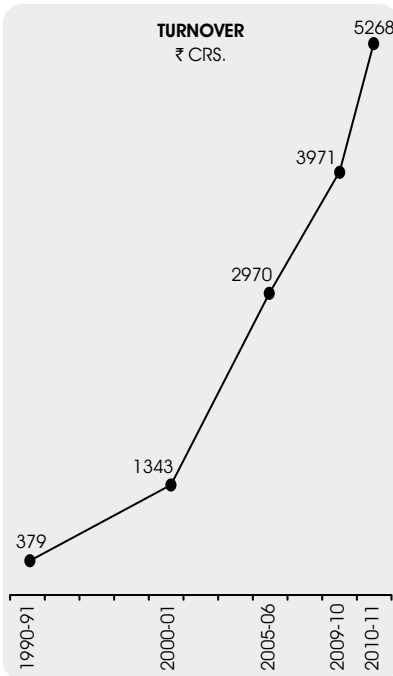
The amount available for appropriation, including surplus from previous year and debenture redemption reserve no longer required is ₹ 143.44 Crores. The Directors propose this to be appropriated as under:

	(₹ Crores)
General Reserve	80.00
Debenture Redemption Reserve	0.38
Dividend	12.32
Corporate Dividend Tax	2.00
Surplus carried to Balance Sheet	48.74
	<u>143.44</u>

QUALITY – A CREED AT JK TYRE

“Commitment to Excellence” is one of the core values of your Company. It is indeed a matter of great pride that your Company has been awarded **“2010 TPM Excellence Award”** by JIPM (Japan Institute of Plant Maintenance) in one go, outside Japan, for all its manufacturing locations. This more than exemplifies our commitment to excellence, in our endeavours to produce world-class products and provide pro-active service to our valued customers.

Besides maintaining ISO/TS-16949 Quality



Management System for Automotive Industry, JK Tyre ensures highest standards of health, safety and environment, while maintaining operational integrity. Your Company received OHSAS-18001 : 2007 for all its three plants at one go during the year.

Concern for "Environment" at

JK Tyre has a larger connotation. All our manufacturing facilities are non-pollutant, with zero-waste discharge to the public system. Further, thousands of trees are planted around our facilities, to not only improve the visual environment, but also to improve the quality of air around.

State-of-the-art Plant & Machinery which deliver high quality products are installed at all JK Tyre plants. Moreover, continuous upgradation of existing equipment ensure manufacture of high quality tyres incorporating latest technologies.

JK TYRE – MARCHING AHEAD

In face of the challenges in the year, your Company made significant strides.

- JK Tyre continues to be India's No. 1 Truck Bus Radial (TBR) manufacturer having crossed 4 million number mark. It has so far exported 1 million tyres to the global markets – testimony to the high quality of its tubeless TBRs.
- JK Tyre produced 1st time ever in the country, Ultra Large OTR Tyre of 12 ft height, weighing 3.6 Tons. This has been delivered to BEML - our prime

customer for these tyres. This has reinforced our leadership in the OTR segment.

- Capacity expansion of Passenger Car Radials by 5.34 lac tyres p.a. became fully operational.
- JK Tyre has been ranked 75th amongst India's 100 most valuable brands 2010, in a survey conducted by Indian Council for Market Research (ICMR) & 4P's Magazine. Last year, JK Tyre was selected as Super Brand for the years 2009-10 & 2010-11.

EXPANSION PROJECTS

The Company has undertaken several expansion projects to meet the growing demand for its tyres.

i) Truck Radials

As reported last year, the expansion project for further enhancing the capacity to 10 Lac tyres at the existing facility in Mysore is progressing as per schedule and the expanded capacity is expected to be available from the 2nd Quarter of the current year.

ii) Passenger Car Radials (PCR)

Project for enhancing Car Radial capacity by 5.34 lac p.a. at Company's Banmore Tyre Plant has been completed during the year.



Dr. Raghupati Singhania with his excellency Felipe Calderon, President of Mexico

