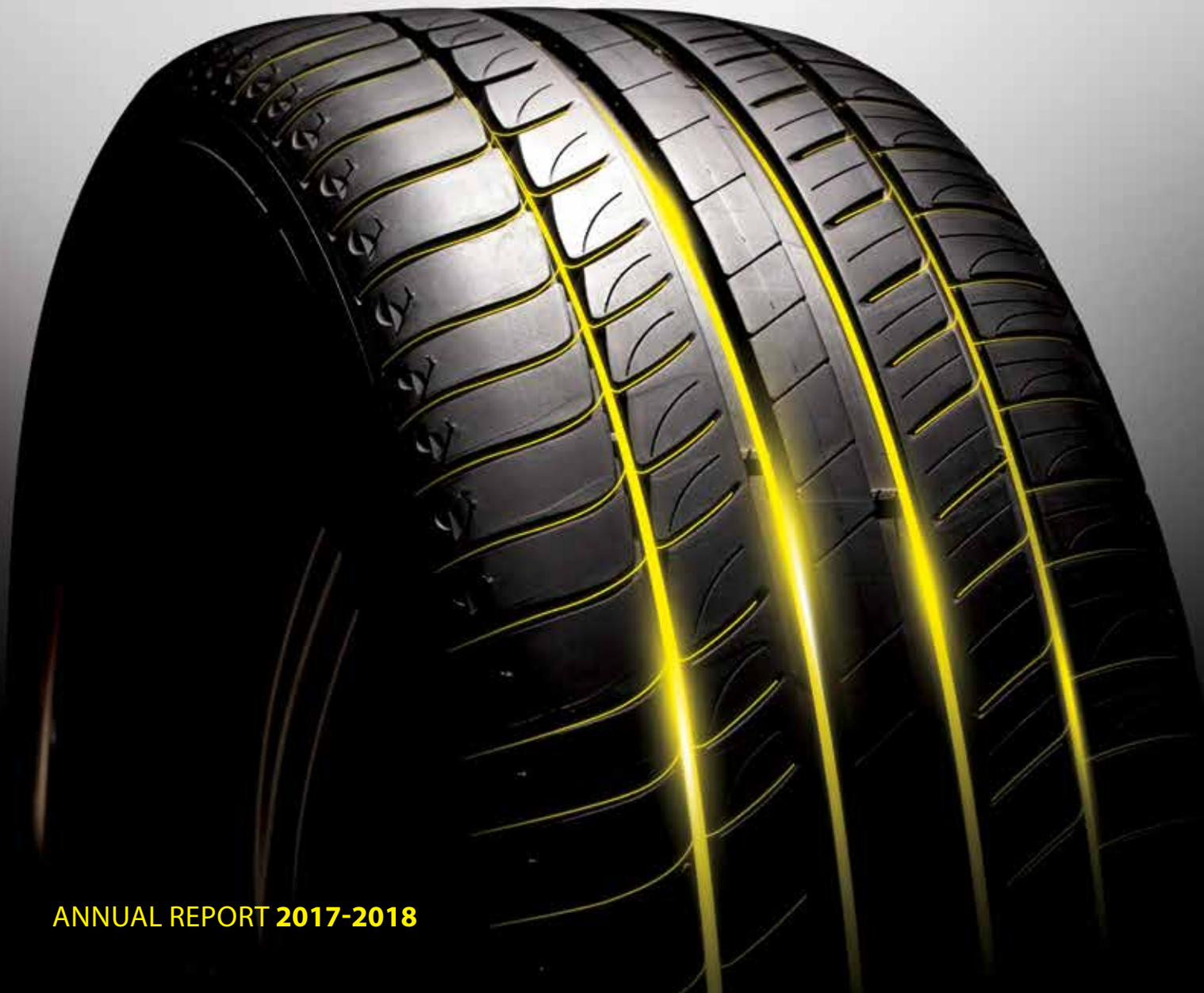


# *FUTURE DRIVEN*



**ANNUAL REPORT 2017-2018**

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## ABOUT JK TYRE & INDUSTRIES LTD.

JK Tyre, part of the JK Organisation, is among India's leading tyre manufacturers and among the top 25 tyre manufacturers in the world. The company offers a wide range of products catering to diverse business segments in the automobile industry. The company operates 12 plants, including nine in India and three in Mexico. Currently, the total capacity of all its plants together is around 32 million tyres per annum. It is listed on major stock exchanges in India and provides direct and indirect employment to nearly 300,000 people. JK Tyre is the only Indian tyre manufacturer to be included in the list of Superbrands India in 2017 for the sixth consecutive year.





# *TYRES DO NOT JUST MOVE VEHICLES, THEY ARE THE DRIVING FORCE BEHIND A PROGRESSIVE ECONOMY.*

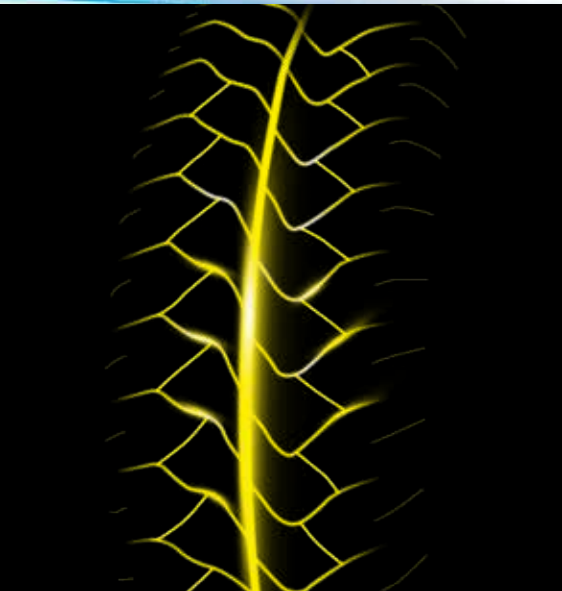
India is already the fourth largest automobile market in the world, backed by rapid urbanisation, improved economic parameters and increased consumer spending. The industry is at an inflection point with rapid evolution of technology, newer laws and more globally-aligned emission norms, leading to a fast-growing market for everything related to mobility.

At JK Tyre, we are cognisant of these trends and are fortifying our business and recalibrating our strategy to leverage these positive trends. We feel gratified that as envisaged by us in 1999, the radialisation of the truck/bus segment has moved rapidly and today, with the evolution of technology, 47% of this segment in India is radialised. There is a definite push towards making mobility greener, safer and more sustainable, and tyres have a significant role to play in it. This is why, we are consistently investing in augmenting our capacities across segments and strengthening our market linkages.

Despite the temporary headwinds in the form of high raw material costs, ban on non BS IV vehicles and destocking by dealers

due to the introduction of the Goods and Services Tax (GST), we continued to remain steadfast in our belief that what we have created is sustainable and value accretive for the long-term. During the year, we focused on improving efficiencies, growing capacities, launching new products, expanding our global reach and enhancing our brand recall. We have demonstrated the strength of our business model and an indefatigable spirit to focus on the future.

**We are driven by a new  
energy and conviction.  
We are driven by a  
belief in our products  
and market presence.  
We are driven by  
tomorrow.**



## BOARD OF DIRECTORS

# LEADING WITH FORESIGHT



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

**2 Bharat Hari Singhania**  
Managing Director

**3 Arvind Singh Mewar**  
Director

**4 Vimal Bhandari**  
Director

**5 Kalpataru Tripathy**  
Director

**6 Bakul Jain**  
Director

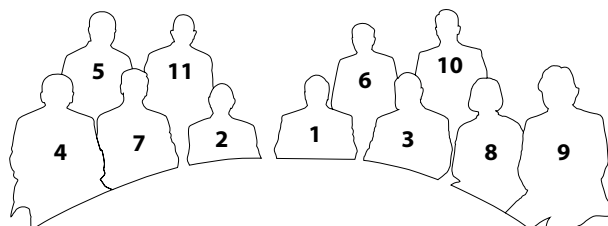
**7 Shreekant Somany**  
Director

**8 Sunanda Singhania**  
Director

**9 Dr. Wolfgang Holzbach**  
Director

**10 Anshuman Singhania**  
Whole-time Director

**11 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

S.S. Kothari Mehta & Co.  
Chartered Accountants

### VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Pawan Kumar Rustagi

CIN: L67120RJ1951PLC045966

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

## ABOUT US

# YOUR COMPANION ON ROAD



### Our mission

- Be a Customer Obsessed Company– Customer First 24x7
- No. 1 Tyre Brand in India
- Most profitable Tyre Company in India
- Motivated and Committed team for excellence in performance
- Be a Green Company
- Deliver Enhanced Value to all the stakeholders
- Enhance global presence through Acquisition / JV / Strategic Partnerships



## Our brand suite

JK Tyre has an extensive portfolio of brands, catering to multiple segments:



'JK Tyre' is the flagship premium brand of tyres catering to the Truck Bus Radial (TBR), Truck Bus Bias (TBB), Small Commercial Vehicle (SCV), Light Commercial Vehicle (LCV), Farm Vehicle and Passenger Car Radial (PCR) segments, both in India and overseas. The brand also caters to Off the Road (OTR) and two- and three-wheeler segments in India.



'Vikrant' is the mid-range tyre brand catering to the TBR and TBB segments in India and overseas.



'Tornel' is the economy range of tyres catering to the TBB and PCR segments in the international market.



'Challenger' is the newly launched economy range of tyres catering to the TBR, TBB, PCR and two- and three-wheeler segments in India.

## Our core values

- Caring for people
- Integrity, including intellectual honesty, openness, fairness and trust
- Commitment to excellence



## Our acquisitions



### VIKRANT

Vikrant Tyres, acquired from Government of Karnataka in 1997 has grown multifold over the years. Its capacity has grown from 100 to nearly 400 Tonnes per day and turnover has grown over six times. Today with three manufacturing plants, it is the largest manufacturing facility in Mysore and contributes significantly to the local economy and surrounding areas. Important milestone in the journey of Vikrant has been the roll out of 10 million truck / bus radial tyre becoming the first and only Indian tyre manufacturer to do so.



### TORNEL

In 2008, we acquired Tornel, a tyre company with three manufacturing plants in Mexico (Azcapotzalco, Tultitlan and Hidalgo), with a combined annual capacity of 7.9 million tyres. In the first year of acquisition, we turned around the operations, improved plant efficiencies and enhanced market share across all products. This acquisition enabled us to widen our global footprint through free access to the North American Free Trade Agreement (NAFTA) and other trade blocks. It also gave us greater access to North America and the emerging Latin America markets, where we already had a substantial presence.

## Our Original Equipment Manufacturer (OEM) partners

Our constant endeavour to serve our customers has made us the preferred partner to leading automotive OEMs such as:

|               |                |            |               |                     |                   |
|---------------|----------------|------------|---------------|---------------------|-------------------|
| Maruti Suzuki | Tata Motors    | Honda      | Ashok Leyland | Mahindra & Mahindra | Volvo             |
| Eicher        | General Motors | Volkswagen | Force         | Bajaj               | Renault           |
| Swaraj Mazda  | Fiat           | Nissan     | TAFE          | BEML                | Caterpillar India |
| JCB           | John Deere     |            |               |                     |                   |





### CAVENDISH

In 2016, we acquired Cavendish Industries Ltd. (CIL), a tyre company that was a part of Birla Tyres. It has three state-of-the-art plants located at Laksar (Haridwar), with an annual capacity of 8.5 million tyres. The plant is in an excise benefit zone, with excise exemption of 10 years (up to 2020). This acquisition enabled us to further consolidate Cavendish's leadership position in the TBR segment and mark our foray into the two- and three-wheeler tyre categories. We achieved operational turnaround in the first year of acquisition. We also launched Blaze, premium two-/three-wheeler tyres, which were well received in the market. The demand for this range of tyres is growing exponentially each month.



### Key highlights in 2017-18

# 180+

Products launched

# 9%

Growth in net sales (value)

# 10%

Growth in volume (numbers)

# 3.5 lakh

TBR tyres sold in Q4 of 2017-18 – highest ever sales to the OEM segment

### Key performance indicators

REVENUE (₹ in crore)

# 8,543

9.8% ↑  
10-year CAGR

EBIDTA (₹ in crore)

# 883

12.1% ↑  
10-year CAGR

GROSS BLOCK (₹ in crore)

# 8,849

14.4% ↑  
10-year CAGR

CAPACITY (Mn tyre p.a.)

# 31.73

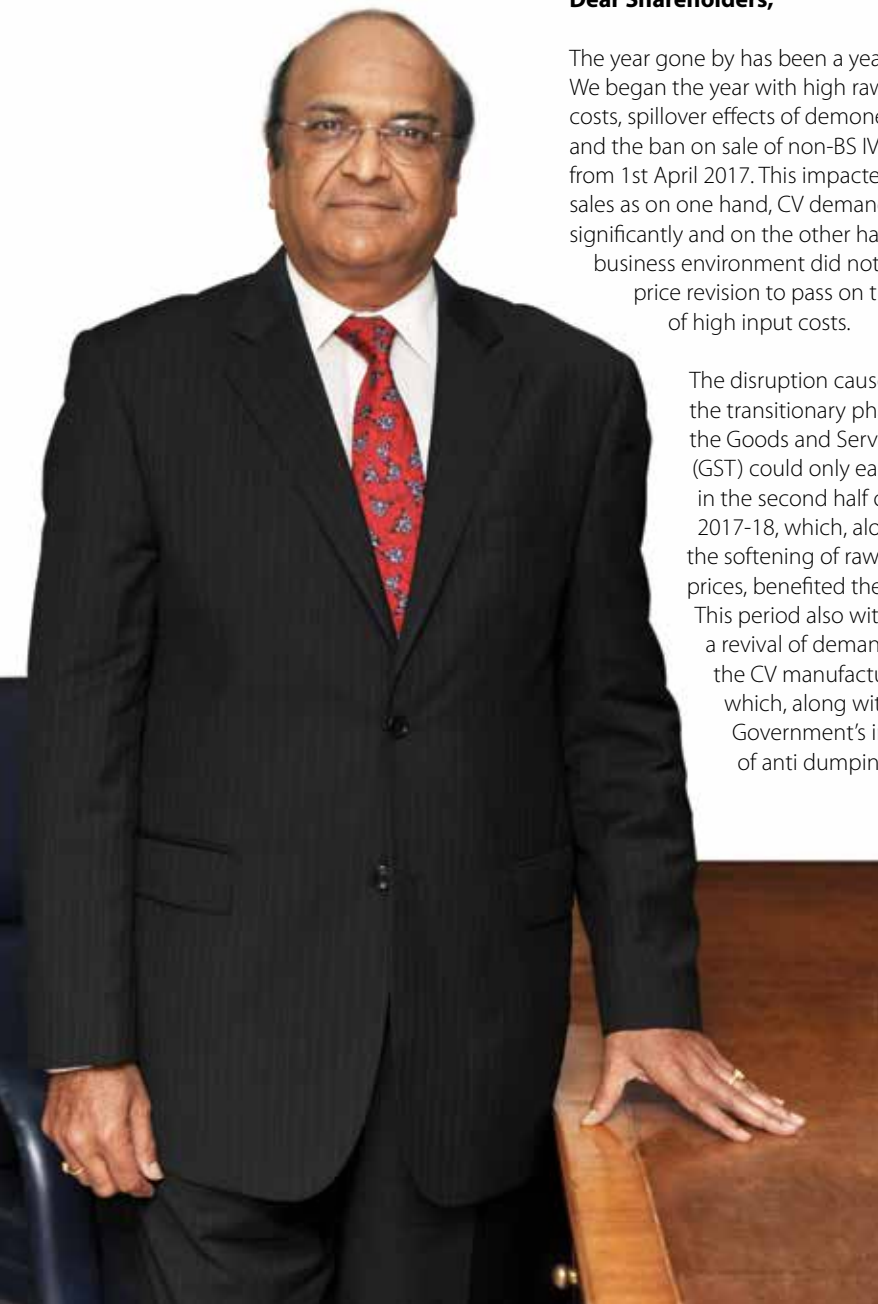
13.1% ↑  
10-year CAGR

### Our quality accreditation

- Our manufacturing facilities are certified for Total Productive Maintenance (TPM) by ISO/TS 16949, ISO 14001, OHSAS 18001 and ISO 50001 (Energy Management System).
- We have also been accredited by SA 8000 for social accountability, ISO 27001 for our information security management system and laboratory management system and ISO 17025 for our tyre testing laboratory.

## CHAIRMAN AND MD'S MESSAGE

# *BUILDING A FUTURE-READY BUSINESS*



### **Dear Shareholders,**

The year gone by has been a year of halves. We began the year with high raw material costs, spillover effects of demonetisation and the ban on sale of non-BS IV vehicles from 1st April 2017. This impacted our sales as on one hand, CV demand fell significantly and on the other hand, the business environment did not permit price revision to pass on the burden of high input costs.

The disruption caused in the transitional phase of the Goods and Services Tax (GST) could only ease out in the second half of FY 2017-18, which, along with the softening of raw material prices, benefited the industry. This period also witnessed a revival of demand from the CV manufacturers, which, along with the Government's imposition of anti dumping duty on

cheap TBR imports, provided tailwinds to the business.

At JK Tyre, we have always pursued a strategy with an eye on the future. Despite the external challenges, we improved our sales volume by recording an impressive 11% growth in FY 2017-18, higher than the industry at large. By adopting differentiated strategies, JK Tyre could increase its market presence across the categories, thereby further strengthening its brand presence in the market.

Reinventing ourselves on a consistent basis is ingrained in our business process. We revisited our internal efficiencies and delivery systems across the business to become future ready. We undertook our first-ever labour restructuring programme at JK Tormel, Mexico, by streamlining our workforce and performance parameters, which have reduced our manpower cost by a third. This step itself will bring in rich dividends in the coming period and will add to our overall profitability.

**"Despite the external challenges, we improved our sales volume by recording an impressive 11% growth in FY 2017-18, higher than the industry at large."**