



sustainability in
mobility

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This 3rd sustainability report of JK Tyre Limited covers the period April 2018 to March 2019, in line with the financial year usually followed in India. This reporting exercise is annual in nature. The last report, released in December 2018 covered the financial period 2017-18 and was based on the guidelines of the Global Reporting Initiative. This report has been prepared in accordance with GRI's guidelines while relevant technical protocols have been followed for reporting various indicators.



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Sustainability in mobility

The world is at a challenging crossroad.

When seen from a long-term trend, as urban clusters get larger and the public transportation network is unable to keep in step with the widening needs of this populace, there will be a growing preference for personal mobility.

Automobiles and other transformation forms warrant the use of a large number of products and components that increase the carbon footprint.

This is particularly challenging in a world where the population is rising, incomes are increasing and aspirations widening. By inference, this reality indicates that the larger the global population, the deeper the drawing on natural resources.

However, natural resources being finite, there could soon come a time when these resources have been extensively depleted, affecting the prospects of our

succeeding generations.

The three most effective responses to this scenario comprise investments in technologies that moderate the consumption of finite resources, increase the proportion of renewable means in the resource mix and enhance the consumption of recycled material leading to business sustainability.

At JK Tyre, we have been a committed proponent of sustainable practices ever since we into business. In addition to drawing out targets directed at increasing our revenues and surplus, we place an equal emphasis on moderating the consumption of raw material and other inputs. The result is that we are focused on delivering more with progressively less, the hallmark of business sustainability.

This is what we profess, practice and propagate - through ground-level initiatives and through this report.

Scope and boundary of this report

“The power for creating a better future is contained in the present moment: You create a good future by creating a good present”

– A spiritual guru



Overview

In our quest to create a better tomorrow, JKTIL focuses on the well-being of employees, environment and society, the philosophy of 'giving back' being core to its existence.

This report has been woven around a fundamental premise – that we need to respond with urgency and sensitivity to reduce the environment load across our various activities.

As an extension, it is not enough to just make a token contribution to the larger cause; it is imperative to communicate and inspire.

Even as this Sustainability Report is not mandatory for us, we consider it our duty as a progressive industrial house to report how we are making the world liveable for all. The Company commenced the practice of showcasing its environment and business sustainability initiatives in

2017 and are pleased to present our third sustainability report.

This report is an extension of our commitment, manifested in accountability and transparency to all our stakeholders. This report also follows the GRI Standards - Core Option. It has been structured around the aggregation of data from four tyre manufacturing plants (Mysore in Karnataka, Banmore in Madhya Pradesh, Kankroli in Rajasthan and Chennai in Tamil Nadu) unless mentioned specifically (the reporting boundary).

The report covers financial and ESG information for the period 1st April 2018 to 31st March 2019 and contains data and information for the identified material topics for these said locations only.

- The report discusses the scope of growth of the respective verticals of our presence and how they drive sustainability

- The report also discusses the Company's initiatives in the areas of energy conservation, water conservation, emissions control, waste management and responsible material usage in the manufacturing segment in addition to product responsibility and distribution

- The report discusses the Company's community initiatives within and proximate to its manufacturing plants, helping promote better health

The data has been derived from an active monitoring and compilation discipline, based on several management reporting systems and standard procedures. All reported data with respect to our triple-bottom-line performance has been audited by an external independent auditor

Materiality focus

This sustainability report is based around the concept of inclusive citizenship – extending across living species. The key philosophies and policies were designed with the assistance of an external consultant. The identification of our key stakeholders and issues material to each has been derived from this exercise.

Economic: Ascertaining return on capital invested in a cyclical business with fluctuating raw material supply and costs.

Environment: Protecting the environment through effective effluent, waste and emissions management. Conserving natural resources through prudent use, recycling and reuse.

Society: Safe handling and logistics of hazardous materials. Creating a culture of safety among employees, contractors and community members. Providing robust infrastructure for education, offering basic amenities and ensuring good health.

Assurance

The content in this report has been presented in line with international standards of sustainability reporting under the Triple Bottom Line Approach. All information pertaining to the reporting period was sourced from the three manufacturing locations using representative sampling methods.

Following a comprehensive information reporting discipline, we submitted the collected data for review by a reputed external practitioner. The sustainability

report (FY 2018-19) has been externally assured by BSI (British Standards Institution), an independent third party, that has no financial interest in the operations of JKTIL other than for the assessment and assurance of this report. The selection of the external assurance provider was carried out in line with JKTIL's established procurement practices for services based on combination technical and commercial criteria. The issued assurance statement has been included in the report.

JKTIL is committed to producing its sustainability report at least once every two years. Please refer to our GRI index for our disclosures against each of the indicators

There are entities, which are part of the consolidated financial statements of the JKTIL, but not covered in this report. For details please refer to our Annual Report.

For any suggestions and feedback, please contact us at:
sustainabilityinfo@jkmail.com

JK Tyre & Industries Limited.

More than just a tyre company.
A metaphor for courage in the face of challenges.

A synonym for foresight in the midst of a slowdown.

A byword for innovation in a mature sector.

The result: the Company is among 25 leading global tyre manufacturers.

Vision

To be amongst the most admired companies in India, committed to excellence



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 stakeholders
- Enhance global presence through Acquisition / JV / Strategic Partnerships

Core values

Excellence comes not from mere words or procedures. It comes from an urge to strive and deliver the best. A mindset that says; when it is good enough, improve it. It is a way of thinking that comes only from a power within.

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

Group pedigree

Headquartered in India, the J.K. Organization is a multi-national group with a heritage of more than 125 years. The Group's footprint is spread across six continents and has manufacturing operations in Mexico, Indonesia, Romania, Belgium, Portugal and UAE. All the products of the JK Group enjoy significant market share in their respective segments and it has been able to reinforce its brand recall by implementing the latest technologies. The Group has set up multiple Research and Development Institutes in various fields in a bid to promote technological advancements and innovation.

Products

JK Tyre is engaged in the manufacture and marketing of automotive tyres, tubes and flaps. The Company's tyre products comprise Truck/bus Radial, Truck/bus Bias, Passenger car radials, 2/3 wheeler tyres, OTR, Racing, Military/ Defence, LCV Radial, LCV/SCV Bias, Industrial, Speciality and Farm.

Leadership

JK Tyre and Industries Limited is one of India's leading tyre manufacturers and also amongst the top 25 tyre manufacturers in the world. The Company produces one of the widest ranges of tyre products catering to multiple segments, delivering a one-stop solution.

Competitive advantage

JK Tyre's manufacturing operations comprise 12 state-of-the-art manufacturing facilities. The Company has nine modern plants in India (three plants in Mysore, three plants in Haridwar and one plant each in Banmore, Kankroli and Chennai) and three plants in Mexico – with an overall production capacity of ~36 million tyres per annum.

Thought leader

The Company pioneered the radial technology in India in the Seventies and has since helped grow the radial market through technological innovation and new product introduction. The Company is the market leader in the Truck Bus Radial (TBR) segment, in addition to offering tyres for the entire range of passenger and commercial vehicles. The Company was included in the list of Superbrands in 2019 for the seventh consecutive time in its history. The Company possesses a state-of-the-art centralised R&D Centre at Mysuru - Raghupati Singhanian Centre of Excellence (RPSCOE).

Distribution

The Company markets its products through a strong network of >4500 dealers and >550 dedicated brand shops known as Steel Wheels and Xpress Wheels, providing complete solutions to customers.

Environment-friendly

All of JK Tyre's plants are ISO-14001 certified for environmental conservation. Over the years, it has undertaken several green initiatives to reduce its carbon footprint. The Mysore plant is also a recipient of the 'Golden Peacock Environment Award'.

Enduring partnerships

The Company has established long-lasting relationships with major automotive Original Equipment Manufacturers like Maruti Suzuki, Tata Motors, Ashok Leyland, Mahindra, Volvo Eicher, Volkswagen, Fiat, General Motors, TAFE and Nissan.

56.23

Promoters' holding,
March 31, 2019 (%)

6.70

Institutional holding,
March 31, 2019 (%)

13,448

Team size,
March 31, 2019

The world...

More automobiles bought or used means more tyres will be consumed.

More tyres consumed indicate that more rubber will be tapped from trees, more water will be consumed and more energy resources will be utilised.

This could deplete the world's finite resources faster than ever.



A potted plant with green leaves is positioned in the top left corner. Below it, a JK Tyre Ultima-XPS tire is mounted on a white, multi-spoke alloy rim. The tire's tread pattern and the 'ULTIMA-XPS' branding are clearly visible.

...and JK Tyre

At JK Tyre, we are seized by the need to moderate our carbon footprint even as we increase production.

Over the years, we have moderated the consumption of water and energy even as we have increased production.

Helping moderate our carbon footprint, reinforcing our commitment to sustainability and emerging as a responsible corporate citizen.

We bring to the challenge of responsible citizenship a distinctive commitment.

To moderate.
To recycle.
To renew.

01

Energy

They said 'You will at best be able to moderate energy use marginally.'

We reported one of the lowest levels of energy consumption per tonne of tyre manufactured in the world



06

Water

They laughed when we said we would halve water consumption in an arid region like Kankroli.

We are recognised today as a global benchmark for the lowest water use per kg of tyre manufactured anywhere



05

Productivity

They said 'You will be able to make only a marginal improvement in people productivity.'

We delivered one of the highest per person productivity benchmarks in India's tyre industry



02

Renewable energy

They said 'How much of a difference can renewable energy make?'

We migrated from complete grid dependence and expect to derive half our energy needs from captive renewable energy starting 2019-20



03

Pioneering

They said 'The concept of an eco-friendly 'green' tyre is too futuristic for you to attempt.'

We emerge as the pioneer in the manufacture of 'green' tyres in India and the first Indian tyre company with a verified carbon foot print (as per IS-14064)



04

Standards

They asked 'Who are you benchmarking operations with?'

We emerged as the benchmark when we became the first tyre company in Asia to receive ISO 50001 certification for Energy Management (second globally)

The sustainable journey has no finish line ... at JK Tyre



AT JK TYRE, WE ARE ALWAYS PUSHING THE ENVELOPE IN OUR ENDEAVOUR TO MAKE A GREENER PRODUCT AND CONTRIBUTE TO A CLEANER WORLD.

Carbon footprint

The Company moderated its carbon footprint from 1.172 CO₂ equivalent per tonnes of output in 2017-18 to 1.073 CO₂ equivalent in 2018-19.

Achieving targets

This commitment has been underlined by our ability to achieve long-term targets. The Company achieved its targeted five-year target (base year 2013-14) to reduce greenhouse gases by 44% in 2018-19.

Commitment to reduce

The Company moderated energy consumption from 10.2 GJ per tonne of the end product to 9.8 GJ per tonne; consumption of raw water declined from 2.42 kl per tonne of the end product to 2.18 kl.

Moderate waste

The Company maintained process waste below 1%.

Enhanced productivity

The Company enhanced people productivity and reduced people utilisation from 9.4 person days to produce a tonne of the end product to around 9.0.

Renewable power

The Company increased renewable power in its power mix from 3.5% in 2015-16 to 39% in 2018-19.



JK Tyre Plant, Banmore, Madhya Pradesh



Efficiency highlights, 2018-19

The Company reported extensive improvement in manufacturing efficiencies across its manufacturing plants in India

3.3%

Improvement in
power consumption

3.5%

Improvement in
steam

16.4%*

Improvement in
water consumption

3.5%

Improvement in
process scrap

*The water efficiency of KTP at 1.25 kl/tonne reported by the Company is possibly the lowest in the global tyre sector

Less is more ... at JK Tyre





JK Tyre plant, Kankroli, Rajasthan



AT JK TYRE, WE BELIEVE THAT LESS IS MORE; THE LESS WE CONSUME THE MORE SUSTAINABLE OUR BUSINESS BECOMES.

Our commitment to sustainability is best showcased in the turnaround of our water consumption at the Kankroli plant.

Until some years ago, JK Tyre drew water from the neighbouring environment or purchased water at a prohibitive cost to sustain operations at this plant.

The Company consumed about 1200 kl per day in this water-stressed region, so when a senior executive suggested that he could moderate this to less than half within a year, he was not taken seriously.

The plan would have been shelved but for the fact that the executive remained undeterred.

He brainstormed. He drew out a technical blueprint. He presented a zero-capex plan. He drew the co-operation of workers. He made this a plant agenda.

As the number of cooling towers was rationalised, the water consumption

trended down. And then surprises or surprises... the plant touched an unbelievably low water consumption benchmark of 500 kl per day in just eight months.

That one successful experiment with water moderation opened the floodgates. The plant's present consumption of 1.25 litres per kg of the end product is possibly the lowest in the global tyre industry. The 220 kl per day consumption of water at Kankroli is also the lowest across all JK Tyre facilities.

The unforeseen positive spinoffs comprise: a decline in pumping costs; the quantum of water to be sent for effluent management has declined from 180 kl to nil.

The Kankroli team is now focused on an even more challenging target: to consume absolutely no raw water in tyre manufacture across the foreseeable future.

This is how we outperformed in a challenging 2018-19

JK Tyre Plant, Tornel, Mexico





THERE WAS A GREATER PREMIUM IN MANAGING OUR ENVIRONMENTAL PERFORMANCE IN 2018-19.

ON THE ONE HAND, OUR PERFORMANCE CONTINUED TO GROW, HYPOTHETICALLY MAKING US A LARGER OUTSOURCER OF NATURAL OR FINITE RESOURCES.

ON THE OTHER HAND, THERE WAS A MARKED SLOWDOWN IN THE INDIAN ECONOMY FROM THE SECOND HALF OF THE FINANCIAL YEAR UNDER REVIEW, WHICH WARRANTED A PREMIUM ON SUSTAINING A FOCUS ON ENVIRONMENTAL INTEGRITY.

Manufacturing

Total production increased 13.4% by tonnage; the Company strengthened capacity utilisation from 71% in FY18 to 79% in FY19 (CIL capacity utilisation increased from 62% in FY18 to 81% in FY19) and reported extensive improvements in manufacturing efficiencies.

Maintained Truck-bus-radial (TBR) capacity utilisation at more than 90% in FY19.

Sales and marketing

Reported sales growth across all product categories: Truck bias by 13%, truck radial by 18%, P. line radial by 18%, N. truck bias by 30%, 2/3 wheeler tyres 39% and total tyres by 23%.

Reported a 39% jump in 2/3 wheeler tyre sales in FY19; entered new OEMs.

Entered new OEMs; strengthened regular supplies to Bajaj Auto and Hero.

Business development

Embarked on a truck radial expansion at Cavendish; embarked on the expansion of the CIL TBR capacity to 20.57 lakh tyres per annum.

Initiated the implementation of Total Quality Management (TQM) in pursuit of the Deming Prize.

Completed a major labour restructuring initiative at JK Tornel.

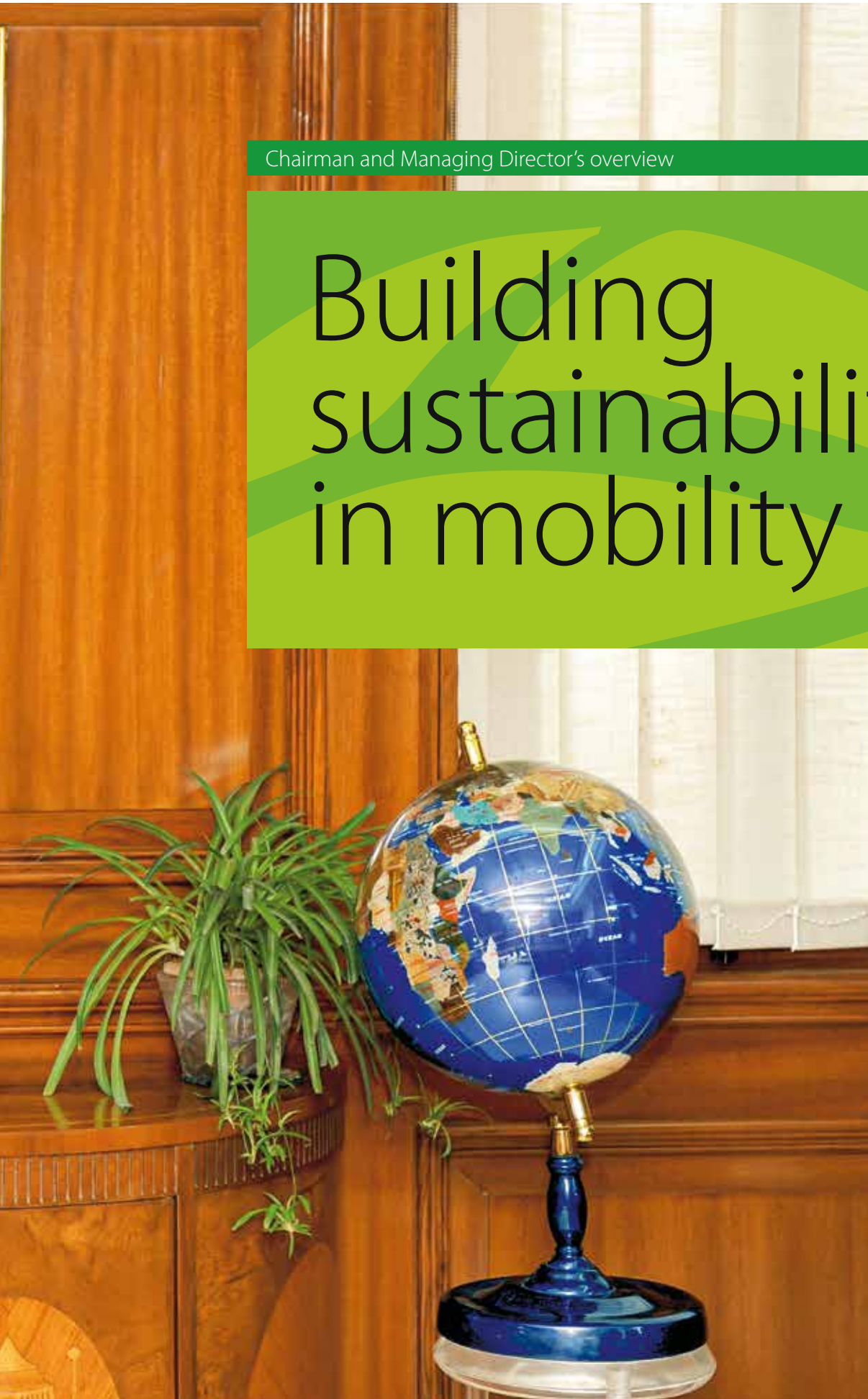
Environment

Generated 39% of the power requirement from renewable energy at all plants.



Chairman and Managing Director's overview

Building sustainability in mobility





We believe that the tyre is fundamentally an environment-friendly product because it can be retreaded, extending its operating life; it can be recycled; it can be 'deconstructed' through incineration, making it possible to enhance precious kiln heat across a number of sectors.

Overview

I have pleasure in presenting our Third Sustainability Report for FY 2018-19.

Even as we have been practicing the principles of sustainability for the last four decades that we have been in business and producing a Sustainability Report is not mandatory for us, we have embraced the extra-statutory commitment to produce a report every two years.

A number of people have asked me the reason. Why do something that is not statutorily required is their line of thinking. I will have to be honest: such a document reinforces our commitment to be sustainable across every single

product, every single location and every single individual. It would be fashionable to say that we are doing this for the world at large; the reality is that we are doing it primarily for ourselves, deepening our sustainability culture and using the document to inspire ourselves to raise the bar.

However, I am also aware that this document is presented to a large spectrum of our stakeholders, so let me say that the tertiary objective is that the document assures some of them that the operations that we run are safe, secure, responsible and sustainable. We hope that by doing so, we could be encouraging some of the readers

to extend the principles of responsible citizenship into their lives, making the world a better place.

As I see it, this document is more than a passive record of what we achieved during the financial year under review; it is an active document that expects to widen its circle of influence, encourage others to raise their game and strengthen the environment eco-system.

Through this document we see ourselves as an evangelist – humble trier than a proud achiever – willing to share experiences and enthusiasm.

Sustainability running deep

Is sustainability a new mantra at JK Tyre? Is this new flavour of the season? Are we doing anything beyond the ticking of the boxes? Are we extending beyond the usual?

To answer these as faithfully as one can, it would be necessary to rewind the Company's story to the

mid-Seventies when it entered the business of tyre manufacture.

Firstly, the selection of this business and hence product, by itself environment friendly. Consider the nature of the product: the tyre. We believe that the tyre is fundamentally an environment-friendly product because it can be retreaded,

extending its operating life; it can be recycled; it can be 'deconstructed' through incineration, making it possible to enhance precious kiln heat across a number of sectors.

Secondly, the companies engaged in the manufacture of tyres have been progressively increasing their investments in 'clean' manufacture,



as a result of which the recycle / reusable / renewable component of tyres has increased attractively. I am proud to state on the sector's behalf that the tyre is considerably 'greener and cleaner' today than ever and am optimistic that with the kind of cutting-edge technologies going into the product, the aggregate carbon

footprint of the sector will continue to decline.

I am pleased to communicate that JK Tyre is not just floating with the prevailing water level but is actively pulling its weight in investing more than the sectoral average and hence, reporting environment achievements higher than the prevailing benchmarks. I

must assure our stakeholders that we followed sustainability principles since we went into business, building economic, environment and social capital – The Triple Bottomline – and the value of this bottomline is attractive, growing and forward-looking.



We believe that truly sustainable companies work with among the lowest inventories across market cycles, generating margins higher than the sectoral average.

Priorities

The operative word fundamental to all businesses today is 'sustainability'.

Sustainability indicates whether a business that is profitable will remain profitable consistently across the foreseeable future.

Most analysts would consider this virtually impossible to estimate on account of the large number of variables affecting most businesses today. So what companies are coming round to is their definition of sustainability: the ability to remain profitable during sectoral downtrends and the capacity to be among the first off the blocks and handsomely profitable during a sectoral rebound.

Companies will need to balance of the challenges of economic, social and environment priorities on the one hand and short-term needs with long-term development on the other. They will need to balance corporate profitability with community welfare. They will need to balance spending and saving. They will need to balance risk and reward.

At JK Tyre, we have extended the definition of sustainability by bringing it down to specifics. We believe that truly sustainable companies work with among the lowest inventories across market cycles; they generate margins higher than the sectoral average; they generate cash flows that strengthen terms of trade; they generate adequate surpluses for

reinvestment; they generate realisations that are higher than the average for that product equivalent; they generate higher revenues per rupee of brand spending.

This foundation provides the morale, momentum and material resources for the Company to spread across a moderate-to-declining carbon footprint – not sequentially the other way around.

However, this sequence should not indicate that one drive of is a priority over something else. At JK Tyre, we believe in the complementarity of business drivers. If we are profitable, we will reinvest and strengthen our environmental compliance. If we are environmentally compliant, we



2 Wheeler off-roading powered by JK Tyre



There is no one thing that we need to do in order to build a sustainable business. We need to do everything, everywhere and all the time to deepen business sustainability.

will generate stronger business continuity (and hence profitability). As a result, if we are profitable, we will be environmentally sustainable; if we

are environmentally sustainable, we will be profitable. One leads to the other; they are not mutually exclusive but inclusive.

This is what we believed in when we started out company; this is what we believe today; this is what we will profess tomorrow.

Demonstrating our effectiveness

Having explained our philosophic fabric, let me indicate how this translates into actual working.

Permit me to start with the reverse perspective: what would happen if we were not environmentally responsible? What would have happen if we consumed more water in tyre manufacture than the others? What if we paid a higher cost for water than the rest in our business? What if we did not invest in rainwater harvesting?

Let me explain the aggregated impact of these scenarios. One, we would incur a higher cost

structure than others, making us relatively uncompetitive? Two, we would be drawing from a rapidly depleting water source as result of which there would come a time when we would need to invest in deeper pumps, consume more energy and be compelled to seek water in another location. Three, we would be possibly compelled to shut the plant.

Now come to the probable impact if we invested in rain water harvesting, worked with the government and increased the capture of rain water run-off and moderated our water

consumption through responsible manufacture. Through these initiatives, our water consumption and procurement cost of water would both decline; there would be larger water from which to draw and there would be no threat of closure to our operations. By the second measure, we would have moderated the cost on our profitable account and obviated the need to invest in a new plant on the Balance Sheet. As a result, environment integrity is not just a fashionable appendage to our the business; it is fundamental to it.

Building a sustainable business

The big question: How then do we enhance the sustainability of our business?

My answer is that there is no one thing that we need to do in order to build a sustainable business. We

need to do everything, everywhere and all the time to deepen business sustainability.

One, we have announced our complete commitment to comprehensive business

sustainability; anything that we do or think or invest in must have a positive long-term impact for the business and the environment. The clarity of this commitment binds our people, clarifies our



strategic direction and removes ambiguity.

Two, we believe that sustainability can be driven only through the prudent selection of the right people. The right competencies bring perspectives, experience, knowledge and enthusiasm to our table, translating into outperformance.

Three, we believe that outperformance is not only derived through intent; it must be reinforced through efficient capital investing that reflects in a lower capital cost per tonne than the sectoral standard and provides a company like ours a robust platform for multi-year competitiveness.

Four, efficient capital investing can only do this much and no more; a company like ours needs to leverage cutting-edge

infrastructure and equipment to generate a high capacity utilisation. The more we produce from given equipment, the stronger the coverage of our fixed costs, the higher our surplus and the greater pool available for reinvestment.

Five, we are not just committed to doing well; we are committed to emerge as a global benchmark across every plant, activity and product segment – whether it is in terms of energy / water consumption per unit of production.

Six, we believe that a subject as critical as environment responsibility cannot left to a vague qualitative interpretation; it needs to numerically defined and measured in a continuous way for course corrections to be implemented or higher

benchmarks pursued. As an extension, we set out forward-looking carbon footprint targets with the same seriousness as we target our financial numbers.

Seven, we invested in a state-of-the-art centralised R&D Centre at Mysuru - Raghupati Singhania Centre of Excellence (RPSCOE), which works with futuristic technologies in helping us produce more enduring and greener tyres.

Eight, we believe that in a world marked by income inequality, it is imperative to engage with communities around our manufacturing facilities with the objective to enhance their life quality (through health care, livelihoods or women's empowerment initiatives).



We believe that in a world marked by income inequality, it is imperative to engage with communities around our manufacturing facilities with the objective to enhance their life quality (through health care, livelihoods or women's empowerment initiatives).

Speaking through action

At JK Tyre, we have implemented various initiatives and reported positive outcomes across various areas.

- We engaged in energy conservation, achieving a total

energy benchmark of 9.81 GJ/tonne of production, which ranks among the five best companies in the sector the world over

- We invested extensively in solar, commissioning a 6MWp solar

rooftop plant in Chennai and a 500kWp plant in our Mysore facility; we addressed 39% of our energy requirement through renewable energy sources in FY19



JK Tyre - Constitution Club of India Car Rally for Parliamentarians 2018 for the cause of road safety being flagged off by Honourable Vice President of India.



We believe that the complement of revenue growth and carbon footprint reduction should strengthen our business sustainability, enhancing value for all those associated with our Company.

- We became the first Indian tyre company to get a CFV certification as per IS standard; we reduced GHG emission by 2% over the previous year
- We reduced our water consumption; our Kankroli plant's specific water consumption of 1.25 litre/Kg is one of the lowest among tyre plants across the world
- We partnered the Indian Government's ambitious Swachh Bharat Mission, helping in the construction of more than 700 toilets in rural India in FY19

- We implemented rural livelihood enhancement initiatives such as agriculture improvement and livestock development programs to assist farmers in enhancing income through better crop and milk production. We trained unemployed youth in need-based trades like tailoring, beauty and wellness, mobile repair, motor winding, etc., helping them become entrepreneurs
- We engaged in water conservation activities like field bunding, trenching, farm pond deepening/ de-silting, etc. to harvest rain water and enhance

water availability for agriculture and other purposes

- We addressed the reproductive and child healthcare issues in remote tribal areas of Rajasthan, which moderated maternal and infant mortality and benefited a large number of poor and pregnant women as well as newly-born children
- We engaged actively in the prevention of HIV/AIDS with the help of the government, corporates and local NGOs, reaching out to more than 2.5 lakh people predominantly from the trucker/transporter fraternity

Outlook

At JK Tyre, we reported ₹10,000 crores in turnover in 2018-19 after more than four decades in business; we intend to double revenues in the next few years.

While we accelerate our momentum, we expect to

consume considerably less in tyre manufacture, making it possible to produce greener tyres and substantially reduce our carbon footprint.

We believe that this complement – revenue growth and carbon

footprint reduction – should strengthen our business sustainability, enhancing value for all those associated with our Company.

Dr Raghupati Singhania,
Chairman and Managing Director

Our sustainability commitment

- Extending beyond statutory compliance
- Focus on emerging as a benchmark
- Focus on partnerships with government institutions, corporates and NGOs
- Extending initiatives to every role and function
- Focus on extensive documentation

About JK Organization

Background

Headquartered in India, J.K. Organization is a multi-national company having a history of more than 125 years. It has manufacturing operations in Mexico, Indonesia, Romania, Belgium, Portugal and UAE.

Exports

J.K. Organization's products are exported to nearly every corner of the world. It exports to over 100 countries across six continents.

Vision and Values We Are

- A dynamic business organisation
- A socially-valued conglomerate

Our Core Values

- Caring for people
- Integrity, openness, fairness & trust
- Commitment to Excellence

Presence

J.K. Organization has a sales and service network of >10,000 distributors all across India. It also has an established global presence and >75 offices across the world.

Businesses

- JK Tyre • JK Paper
- JK Lakshmi Cement
- JK Fenner • Umang Dairies
- Global Strategic Technologies
- JK Seeds • JK Insurance
- Clinirx

Market position

Products of the J.K. Organization enjoy significant market share in their respective segments. Over the years, the Group has been able to build strong brand equity by placing an emphasis on the manufacturing of superior quality products and technological innovation.

How we outperformed the Indian tyre sector



Economic and business environment

The Indian economy emerged as the sixth largest economy during the year under review.

Deepening national strengths enabled India to withstand global headwinds like high crude prices, currency volatility, geopolitical tensions and rising trade barriers, among others. The result is that the slowdown notwithstanding, India retained its position as one of the world's fastest-growing economies with a GDP growth of 6.8% in FY19).

Growth in India moderated from in excess of 7% on account of the core sector remaining sluggish, impacting the Index of Industrial Production. Besides, the

consolidated impact of a unified market under the GST regime should generate better results across the foreseeable future. On the positive side, Government tax revenues remained buoyant, translating into increased social sector spending.

The Indian government placed a larger emphasis on developing the country's infrastructure, accompanied by growing spends on projects like Bharat Mala Pariyojana and Sagarmala. These projects are expected to increase connectivity and trade with neighbouring countries. The result is that the medium-term outlook for the country continues to be optimistic,

with the Prime Minister announcing a vision to grow India to a US\$ 5-trillion economy by 2025 (presently around \$ 2.85 billion).

India's long-term fundamentals continue to be robust: a population of 1.36 billion, extensive per capita under-consumption, rising incomes cum aspirations, growing reforms and foreign investments, stable political environment, declining corporate tax rate, overhauled indirect tax structure and steady inflation.

As the prevailing slowdown passes, India is likely to return to higher GDP growth, validating its extensive economic potential.

Indian economic growth over the years

Year	2015	2016	2017	2018	2019
Real GDP growth (%)	7.4	8.0	8.2	7.2	6.8

[Source: Economic Time, Statistictimes]

Indian automotive industry

The Indian Automotive Mission Plan 2026 envisages the Indian automotive industry to emerge among the three largest in the world. At that point, the industry is expected to account for 12% of GDP with the potential to create an additional 65 million jobs.

Even as the long-term outlook for the sector appears bright, the industry encountered challenging headwinds during the year under review. Being a prominent proxy of the national economy, India's automobile sector was affected by a crisis within the country's NBFC sector that affected credit flows, higher vehicle insurance costs (hence higher vehicle costs) and regulatory changes. The result is that vehicle sales remained unusually weak even during the 2018 festive season (aggravated by the Kerala floods); the calendar year-end push did not have the desired impact either.

From a sectoral perspective, the migration to BS-VI engines is under progress and likely to be introduced from April 2020. The government is laying a keen emphasis on the introduction of electric vehicles through the ₹10,000 crores FAME II programme, targeting public transport. We believe that with policy clarity, the automotive industry is likely to increase

investments in the manufacture of e-vehicles, strengthening the offtake of automotive products.

Truck and bus segment: The Indian truck and bus segment performed creditably after a favourable first two quarters, followed by a decline in demand. The lower national credit flow arising out of the NBFC crisis had a direct impact on the country's commercial vehicle segment. If this was not enough, there was a bigger disruption in store: a higher axle load norm was announced for commercial vehicles, deferring tyre purchases from the third quarter onward (likely to spill into Q1, 2019-20).

Light commercial vehicles: Light commercial vehicles reported marginal growth of ~3% during the year under review; the corresponding tyre segment reported a sales growth of 14%. Small commercial vehicles reported double-digit growth for the second consecutive year (27%), largely on account of a widening of the country's hub-and-spoke transportation network. We believe that this could augur well for the economy as last-mile activity is usually an important economic indicator.

Passenger car: The hitherto fast-growing passenger car segment reported flat sales

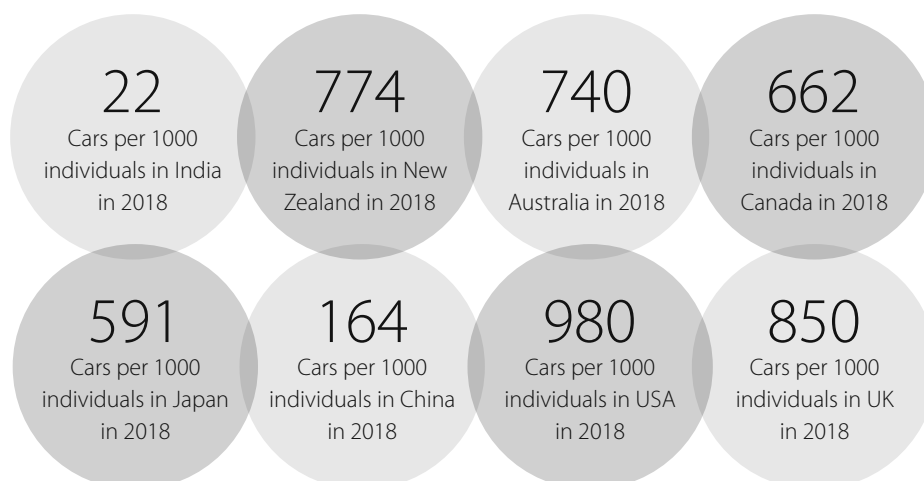
during the year, with a marked decline from Q3 onwards and ending the year with a dismal <1% growth. This was also true for the hitherto fast-growing SUV/ MUV segment, which reported the slowest growth in five years. Besides, a reduction in the difference between petrol and diesel prices strengthened consumer preference in favour of petrol-driven vehicles.

Tractors: Tractor sales remained positive, marked by a sharp revival during the post-monsoon period. The result is that the segment reported an 8% increase during the year under review. The decision of the Central Government to implement higher market support prices and loan waivers helped stimulate rural tractor demand.

Two/three wheelers: This segment registered sales growth of 7%, lower than in the previous year. Motorcycles and three wheelers reported better growth than scooters.

On the overall, vehicle sales in India grew only 6.5% with a trickle-down impact on the tyre industry. The industry responded with increased emphasis on the introduction of premium models with value-added features and higher safety norms - across vehicle segments.

INDIA'S AUTOMOBILE UNDER-CONSUMPTION



(Source: Economic Times)



21st JK Tyre National Racing Championship



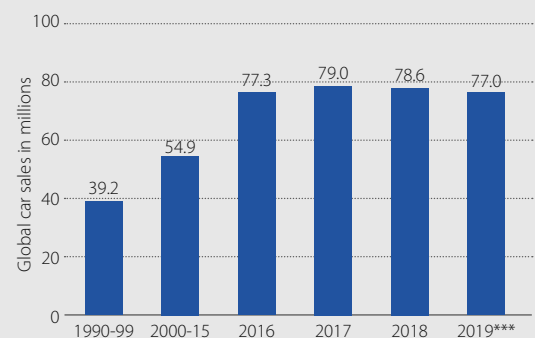
Automobile Domestic Sales Trends

Category	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Passenger Vehicles	25,03,509	26,01,236	27,89,208	30,47,582	32,88,581	33,77,436
Commercial Vehicles	6,32,851	6,14,948	6,85,704	7,14,082	8,56,916	10,07,319
Three Wheelers	4,80,085	5,32,626	5,38,208	5,11,879	6,35,698	7,01,011
Two Wheelers	1,48,06,778	1,59,75,561	1,64,55,851	1,75,89,738	2,02,00,117	2,11,81,390
Quadricycle#			0	0	0	627
Grand Total	1,84,23,223	1,97,24,371	2,04,68,971	2,18,63,281	2,49,81,312	2,62,67,783

[Source: Economic Time, Statistictimes]

In 2018, the global electric car fleet exceeded 5.1 million, up 2 million from the previous year and almost doubling the number of new electric car sales. In 2030, global electric car sales could reach 23 million and stock could exceed 130 million vehicles (excluding two/three-wheelers).

Number of cars sold worldwide from 1990-2019
(in million units)





Tyre Expo, Singapore



The Indian tyre sector

The Indian tyre industry encountered diverse challenges during the year under review.

The supply of natural rubber was impacted following floods in Kerala, resulting in a price surge of around 8%. Crude prices remained volatile, reporting a sharp increase of 30% at peak, stabilising thereafter at ~15% higher than at the start of the year. The cost of synthetic rubber increased 10% during the year under review, partly impacted by the depreciation of the Indian rupee (~6%). The overall demand for tyres remained sluggish even as competitive intensity increased, making it difficult to pass the incidence of increased costs to customers.

Truck: In the truck segment, a new range of products was developed to address the new axle load norms. In the bias segment, there was a moderate demand de-growth even as demand buoyancy was observed in the construction segment.

Truck radial: In this segment, demand steadied with domestic truck radialisation reaching 52%. Although Chinese imports abated, imports from Thailand grew sharply.

Light truck: In this segment, radialisation crossed 60% in the domestic market, driven by a preference for radial tyres within the OEM segment.

Passenger: In line with the slowdown within the passenger vehicle segment, the demand for car tyres decelerated in the latter half of the year. Due to a variety of vehicles and increased size mix, dealer inventories increased, affecting prospective sales.

Tractor: Demand from this segment remained steady with no significant increase, especially in the aftermarket segment.

Two and three-wheelers: Following a slowdown in the sales of two and three-wheelers, competition intensified in the aftermarket.



JK Tyre. Driven by a spirit to outperform

AT JK TYRE, OUR PRINCIPAL SPIRIT IS ONE OF OUTPERFORMANCE.

THE COMPANY IS FOCUSED ON PERFORMING BETTER THAN THE ECONOMIC GROWTH AVERAGE, SECTORAL GROWTH, SEGMENT GROWTH AND ITS RETROSPECTIVE GROWTH AVERAGE.

THIS REPRESENTS THE FUNDAMENTAL BOTTOMLINE RELATED TO THE COMPANY'S SUSTAINABILITY.

THIS COMMITMENT TO OUTPERFORMANCE WAS MANIFESTED IN THE COMPANY'S PERFORMANCE DURING THE YEAR UNDER REVIEW.

Even as the market turned sluggish in 2018-19, JK Tyre reported one of its best-ever performances relative to the growth its sector (across categories). The Company outperformed for the following reasons: introduced products as per evolving market preferences, sustained product premiumisation, multi-channel sales, wider distribution, open branded shops, intensive channel partner engagement and high-decibel digital marketing coupled with above and below-the-line brand-building.

Brand JK Tyre

At JK Tyre, we believe that the brand constitutes our biggest competitive advantage.

The JK Tyre brand is associated with 'trust'. Over the decades, this trust has been derived from the ability to deliver superior product and service quality, resulting a superior price-value proposition.

The result is that the JK Tyre brand has progressively premiumised through

differentiated communication and initiatives. The Company carved out a 360° media presence comprising TV, print, digital, radio and outdoor communication platforms, enhancing mind share.

Digital media: The Company leveraged the growing coverage of digital media to enhance brand visibility, highlighting consumer offers and event integration during festive and topical occasions (including motorsport events).

Recognitions: The JK Tyre brand was recognised as India's only tyre 'Super Brand' for the sixth consecutive year. The brand was recognised as an 'Icon of Indigenous Excellence' and celebrated by Limca Book of Records for developing India's largest off-the-road tyre - the 40.00-57 VEM045 - weighing 3.7 tonnes and standing 12 feet.



Tractor Stunts powered by JK Tyre



Truck, bus radials and bias tyres

JK Tyre has consistently invested in the manufacture of best-in-class products addressing specific customer needs, strengthening its presence in the truck radial and bias segments.

New launches: In the TBR segment, two premium products were launched for drive wheel applications. The new 10.00R20 Jet Steel JDE++, possessing superior mileage and load capabilities, was launched across more than 100 locations followed by a fitment drive. In the latter half, a new durable tyre was launched for the super heavy load segment; 10.00R20 JETSTEEL JDY was showcased to a large customer base; Jet Way JUH 5, addressing steer wheel applications, remained a market leader.

JK Tyre Truck Wheels centres: The JK Tyre Truck Wheels centres network grew,

marked by the presence of >40 centres, providing complete tyre solutions and services.

Premium segments: In the truck bias segment, premium products like Jet R Miles and Jet R Extra miles remained the preferred choice for front wheel applications. Rear wheel application tyres like Jet Extra XLM, possessing superior load and mileage capabilities, were launched in the previous year; Jet L Miles addressed high mileage applications, both brands gaining acceptance.

The Company engaged in effective consumer communication, highlighting the premium range of truck tyres. This communication was reinforced through extensive wall paintings on Golden Quadrilateral highways as well as key transport clusters or consumption

locations. The Company's sustained and structured on-site interactive customer outreach campaigns received a positive response.

Team JK Tyre empowered large fleets to derive superior product value through the tyre care programme - Heal the Wheel - as well as driver training programmes. JK Tyre coordinated multiple customer visits at the Raghupati Singhania Centre of Excellence in Mysuru in addition to conducting several national and regional fleet meets to deepen its customer connect.

The Ace Club programme, which accords recognition on the basis of business value commitment, was favourably received.

JK TYRE'S DISTRIBUTION NETWORK

JK Tyre's multi-channel approach helped widen the sales and service retail network: branded shops, multi-brand outlets and dealers of oil marketing companies and OEM franchises. The Company commissioned a distribution network to address two-wheeler demand in small rural markets, increasing touch points for end-users across locations.

4,500+

Dealers across categories as on 31st March 2019

550+

Branded JK Tyre stores as on 31st March 2019

Passenger tyres

In this segment, the objective was to build a strong brand followed by a multi-level branded shop retail network - Steel Wheels and Xpress Wheels. This empowered JK Tyre to provide a premium range of passenger car tyres through a >400-strong pan-Indian branded store chain. The Company's premium tyres brands - UX 1, UX Royale, Elanzo Touring, Ranger and Taxi Max (commercial operators) remained preferred. The Company strengthened its customer engagement through bundled offers, especially during regional festivals, enhancing brand switches. JK Tyre's motorsport programmes reinforced recall, deepening engagements with next-gen customers and channel partners.

LCV and SCV tyres

Customer-centric campaigns were conducted at 200 prominent light and commercial vehicle stands, forging ties with >5,000 individual owners. Intense localised contact programmes helped identify weak markets. The product range widened through new launches in the light and small commercial vehicle segments.

Two/three-wheeler tyres

JK Tyre entered the two and three-wheeler segment three years ago, taking rapid strides thereafter. Innovative communication across media (digital amplification and regional activations) deepened market penetration for the premium Blaze range of products (tubeless and tube). To enhance store-front product availability, the Company established a wide distributor network and sub-dealers. Special training programmes were conducted on tubeless tyres for mechanics. Business training programmes for two-wheeler tyres were organised at plant and zonal levels, enhancing product knowledge and customer confidence.

Targeted campaigns addressing high-end motorcycle and scooter tyres enhanced a consumer buzz. Relevant brand building was enhanced by a scooter rally; JK National Racing Championship was held in partnership with Suzuki, strengthening leadership in the two- and three-wheeler segment.

Farm tyres

JK Tyre generated superior results following a focus on premium products, enhanced size mix and focused communication. The Super Premium tyre launch (Shresth) across major agricultural markets was followed by an aggressive marketing campaign. The premium tyre (Sona 1) was promoted extensively over the radio, one-on-one contact programmes and the outdoor media. A cross-functional campaign was conducted with tractor OEMs in Rajasthan, Haryana and Punjab. During the year under review, JK Tyre commenced supplies of Sona 1 to prominent OEMs (Escorts and Sonalika).

Under the JK Ustad programme, 5000 tractor mechanics shared knowledge on products and applications; dedicated campaigns educated customers about tyre use in haulage applications. A new range of tyres for the mini-tractor segment addressed requirements in Gujarat and Maharashtra.

Off-the-road tyres

The Company's off-the-road business grew significantly across segments - OEM, aftermarket and institutional. An important addition comprised 14.00-25 36 PR E4/L4 Mine Champion, a premium offering marked by strength, durability as well as best-in-class load-carrying capacity and casing strength. This product, developed for the new-age 50-tonne tipper truck, joined JK Tyre's comprehensive off-the-road range enjoying extensive industrial and mining applications. JK Tyre participated in the prestigious 'Bauma CONEXPO INDIA 2018', an event attracting

700 companies from 26 countries. The 40,000-footfall comprised buyer delegations from Bangladesh, Bhutan, Nepal and Sri Lanka, among others.

The OEM segment reported a breakthrough in the prestigious Doosan Bobcat account (in addition to JCB and Escorts). All off-the-road channel partners from India, Bhutan and Nepal participated at the HFT channel partner meet. These partners visited the off-the-road tyre facility and Raghupati Singhania Centre of Excellence in Mysuru.

Retread business

Completing a decade of operations, the JK Retread business reported steady growth. Treads manufactured at the state-of-the-art Kankroli facility delivered high abrasion resistance on account of the new compound technology, resulting in superior performance. JK Treads provides unmatched retreading services for optimised tyre utilisation.

The Company's chain of Retread Centres grew rapidly. Equipped with ultra-modern retreading equipment and JK Tyre recommended repair and retread procedures, JK Retread Centres provide comprehensive solutions for fleet owners and institutional customers: 'cradle to grave' solutions that help moderate operational costs.

This is an interesting part of the Company's business, contributing to environmental sustainability through the three R's of Recycle, Repair and Retread.

Retreads are green, safe and save money by saving significant oil and fuel, minimising scrap and providing a second and third life to tyres.



Business and sales training

JK Tyre is one of India's leading tyre brands, commanding respect across segments and categories. This leadership position makes it imperative for the Company to periodically reinvest and enhance the business / technical skills of channel partners as well as the Company's sales and service teams, resulting in success continuity.

The Company executed a comprehensive business training programme for these stakeholders, showcasing the state-of-the-art global R&D facility Raghupati Singhania Centre of Excellence (in addition to other manufacturing facilities).

Service

Superior service is a JK Tyre differentiator, interfacing between technical, manufacturing and product development functions on the one hand and customers at the other. Some key functions comprised testing products (pre- and post-service), enhancing customer awareness and analysing market trends. The customers hailed from OEMs and replacement markets across product categories (two-wheelers to trucks and from farm tyre users in remote locations to drivers and mechanics). JK Tyre launched 'Back to School', wherein school bus drivers were educated. Franchises of partner OEMs were oriented around tyre care and use, extended to institutional buyers like Defence and STUs. Tyre fitters were guided on correct tyre fitment practices, strengthening product performance.

Mobile-based business applications

The growing scale of business is increasing the need for market responsiveness. The JK Connect Portal provided an interface to channel partners, enhancing real-time information availability and empowering customers to place orders from their smart phones.

International sales

The Company's exports surged despite growing competition in international markets like US, Brazil, Peru, Spain and MENA countries. Exports during 2018-19 stood at ₹837 crores.

Exports were affected on account of geopolitical and economic challenges in Eastern and Western Africa, South Eastern Asia, Australia, Latin America and the Middle East. Besides, competition from

China was evident in most markets (from tyre plants located in China and Chinese plants located in South Eastern Asia).

However, it would be creditable to indicate that the Company's exports increased in the radial segment, driven by the ability to service the growing demand for premium products. The Company's truck radials deepened their presence across markets, their performance

matching several established brands. Participation in trade expositions and a focus on widening the distribution footprint helped sustain exports in a competitive environment.

>100
(COUNTRIES) JK TYRE'S EXPORT PRESENCE AS ON 31ST MARCH 2019

JK Tyre's culture of manufacturing excellence

JK Tyre's manufacturing operations are marked by continuous improvement across parameters and improving quality. The Company's culture of excellence was recognised at different fora:

- National Water Awards for Excellence in Water Management 2018 by CII
- Fame Environment Excellence Award

2019 for the outstanding Project on Environment Protection

- Gold Medal in the National Awards for Manufacturing Competitiveness (NAMC) and Special Award for Strategic Improvement Initiatives
- Energy Efficient Unit in CII 19th National Energy Management Award - 2018

Responsible

JK Tyre's commitment towards environment responsibility comprises energy and water conservation, coupled with process scrap generation.

This focus resulted strengthened the Company's competitiveness in local, national and international geographies.

Financial performance

The following is a brief summary of the Company's performance during the financial year ended 31st March, 2019 (all figures in ₹ crores).

	Year ended		Year ended	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Standalone		Consolidated	
Turnover	7689.67	6610.95	10452.01	8543.41
Operating Profit (PBIDT)	807.52	519.80	1196.16	883.19
Finance costs	316.28	274.12	521.08	465.50
Profit before Tax (PBT)	304.68	63.85	270.46	106.81
Tax expenses	100.28	20.76	94.17	43.89
Profit after Tax (PAT)	204.40	43.09	176.29	62.92

The improved profitability translated into significantly improved financial ratios over the previous year:

STANDALONE

Particulars	2018-19	2017-18
Interest Coverage Ratio (Times)	2.55	1.90
Current Ratio (Times)	1.04	0.83
Operating / EBITDA Margin (%)	10.50	8.01
Net Profit Margin (%)	2.66	0.66
Return on Net worth (%)	11.23	2.60

The Company's subsidiaries

JK TORNEL

JK Tornel, Mexico, recorded a turnover of ₹1309 crores during the year under review. Following successful labour restructuring, labour costs declined while profitability is expected to improve across the foreseeable future.

CAVENDISH INDUSTRIES LTD.

The operations of Cavendish Industries Ltd. (CIL) reported a smart turnaround during the year under review. Turnover from this business segment increased 39% from ₹1670 crores in 2017-18 to ₹2316 crores in 2018-19. During the year under review, capacity utilisation increased significantly across all three manufacturing

plants covered under this study. The project for expanding the capacity of truck / bus radials was completed in phases and the full benefit is expected to be realised in the coming years.

A new round of TBR/Rear Tractor capacity expansion, projected at a capex of ₹675 crores, is under implementation and upon completion, is expected to reinforce the Company's TBR leadership.

R&D and technology

A key success driver is the Company's preparedness, derived from deepening investments in research & development (R&D), product design, technology development and enhanced process technology development.

Besides modern and state-of-the-art equipment, the Company enhanced people skills through international exposure and alliances. The Company's teams participated in international technology conferences and seminars, enhancing process technology in return for quality consistency.

Raw materials

Oil prices increased significantly during FY2018-19, coupled with volatile exchange rates, strengthening the cost of key inputs through the first three quarters.

Extensive floods in Kerala moderated rubber production, increasing raw material costs and imports. Since the tyre industry consumes crude oil derivatives, higher crude oil prices during the major part of 2018-19 impacted raw material costs across the first three quarters.

Motorsport

The vibrancy of Brand JK Tyre was amplified by JK Motorsport. The financial year under review was a landmark, with JK Tyre National Racing Championship reinforcing its position as the most significant in the Indian motorsport calendar. The grand finale at the Buddh International Circuit in Greater Noida was attended by more than 35,000 with world-class stuntmen (multiple Guinness record-holder Terry Grant from United Kingdom and Red Bull's Aras Gibieza from Lithuania) engaging in never-seen-before daredevilry.

The Company focused on disciplines like rallying, off-roading and racing. Some of the mega events patronised by the Company comprised the biggest off-roading event at Kikar near Chandigarh, time, speed, distance rallies like the Constitution Club Car Rally for Parliamentarians in Delhi, the Himalayan Drive, which traversed neighboring countries, and the Monsoon Scooter Rally in Nasik. The Company conducted the Hornbill Rally in North East India (with the Government of Nagaland) and Orange Festival in Dambuk (with the Government

of Arunachal Pradesh), blending adventure and music in challenging terrains.

To promote women's motorsport, visible platforms were created: All-Women Racing team in LGB 4, rallies like the YFLO Power Drive in Delhi, JK Tyre Times Women's Drive (Delhi to Chandigarh), Rally to the Valley in Mumbai and the Defence Power Drive.

Human resource development

At JK Tyre, competitive advantage is derived from its people: employee commitment, passion and contribution. The Company is committed to provide employees with a supportive, rewarding and safe workplace coupled with engagement, empowerment and superior recruitment.

The Company facilitated career advancement through learning-development and succession planning. The structured human resource development comprised employee engagement initiatives, performance and compensation management, competency mapping and assessment centres.

6536

JK TYRE'S EMPLOYEES (DIRECT)
AS ON 31ST MARCH 2019



Risks and concerns

IN 2019, JK TYRE CONTINUED TO STRENGTHEN ITS RISK MANAGEMENT SYSTEM, WHICH HELPS PROMPTLY IDENTIFY RISKS THAT AFFECT THE COMPANY, ASSESS THEIR MATERIALITY, AND DEVISE MITIGATION STRATEGIES.

RISK MANAGEMENT IS INTEGRAL TO STRATEGIC BUSINESS PLANNING AND REVIEW, WITH RISKS CONTINUOUSLY TRACKED, ENSURING COMPLIANCE WITH ALL LEGAL / STATUTORY REQUIREMENTS COUPLED WITH COMPLETE TRANSPARENCY IN FINANCIAL REPORTING AND DISCLOSURES.

A DYNAMIC ENVIRONMENT - EXTERNAL AND INTERNAL - ENHANCES UNCERTAINTY, CREATING RISKS CLASSIFIED INTO DIFFERENT CATEGORIES - REGULATORY UNCERTAINTIES, CHANGING COMPETITIVE LANDSCAPES, TECHNOLOGICAL OBSOLESCENCE, TALENT HIRING AND RETENTION, AND RAW MATERIAL AVAILABILITY. PRUDENT RISK MITIGATION MANAGEMENT COMPRISED THE PROACTIVE IDENTIFICATION OF RISKS, EVALUATION, QUANTIFICATION AND PREPAREDNESS.

The Company created a risk management structure: a Risk Management Committee, which reviews the risk management process. All functions comprised risk identification; these risks were quantified to ascertain their potential impact on the business; detailed planning helped avert risks through a detailed risk mitigation action plan.

Risk management is applied across all management levels as well as functional and project areas. The Company has set up the risk management department in order to:

- Provide overall coordination of risk management processes
- Develop better guidelines to govern risk management processes

- Arrange personnel training in risk management and internal control
- Review the risk portfolio and develop response strategies and reallocation of resources to manage respective risks
- Inform the Board of Directors and executive bodies on the effectiveness of the mitigation strategies

<p>ECONOMIC RISKS</p>	<p>During the last financial year, there was uncertainty related to trade treaties (US-China) leading to a slowdown in the global economy. Brexit uncertainty increased and a few European economies reported economic concerns that impacted global demand and growth. To reduce the impact of this risk, the</p>	<p>Company widened its geographic footprint through the identification of new markets, launch of a wider product range and larger teams deployment.</p> <p>The Indian market witnessed increased competition with the arrival of new entrants, marked by multi-national</p>	<p>companies expanding their operations. The Company focused on product and channel development, remaining a preferred customer choice. Chinese imports declined following the imposition of an anti-dumping duty. However, low-cost imports from other countries emerged, affecting realisations.</p>
<p>RAW MATERIAL AVAILABILITY AND COST RISKS</p>	<p>The industry faces risks related to raw material availability and affordable costs. Natural rubber, a key raw material, is severely short of the sector's requirement in terms of production compared to the</p>	<p>overall Indian tyre industry's demand. The share of domestic natural rubber in tyre manufacture declined, increasing sectoral exposure to foreign exchange volatility. Crude oil prices strengthened,</p>	<p>impacting the cost of most raw materials; the Company ventured into non-traditional areas to source a higher quantum of local natural rubber.</p>
<p>OPERATIONAL RISKS</p>	<p>Operational risks arise in the day-to-day business comprising risks like equipment obsolescence, power and water shortage, among others. The Company monitored operating capacities to maintain high</p>	<p>equipment availability. The Company invested in modernisation and technologies like IoT and Industry 4.0 to improve operational efficiencies and equipment health.</p>	<p>Water is a big concern area, addressed by the Company through declining water consumption and a greater reliance on rainwater harvesting cum recycling.</p>
<p>TECHNOLOGY RISKS</p>	<p>The Company tracked evolving customer preferences and responded accordingly. The Company inaugurated a world-class R&D centre - Raghupati Singhania Centre of</p>	<p>Excellence (RPSCOE) at Mysuru – in FY19, leading the industry on the technological front. The Company invested in continuous skill upgradation through employee</p>	<p>knowledge-sharing with various national and international experts and networks.</p>
<p>MARKET RISKS</p>	<p>The Company makes continuous efforts towards expanding its network, forge tie-ups and launch new products. Furthermore, the</p>	<p>Company lays a keen emphasis on demand creation, customer retention/growth and brand-building. The Company actively tracks demand on a</p>	<p>real-time basis through automated connectivity with its dealer network. It has also launched an e-commerce platform to push sales.</p>



Customer service

JK TYRE HAS CONSISTENTLY PUT THE CUSTOMER FIRST. SERVICE HAS BEEN ITS KEY DIFFERENTIATOR. OVER THE DECADES, THE COMPANY HAS UNDERTAKEN VARIOUS INITIATIVES TO DELIVER ON ITS BRAND PROMISE.

Customer education, training and engagement

The Company has constantly trained and educated its market-facing teams, employees, trade partners and customers across subjects like customer handling and servicing, products, services and policies. This scope also includes imparting information on best practices on tyre care and maintenance so that the customer derives superior value (longer tyre life, better fuel efficiency and lower cost of ownership).

During the year under discussion, more than 130 pan-India programs were conducted. Customers were invited to company's state-of-the-art global R&D center at Mysuru for a hands-on technology experience coupled with materials used to develop high performing products with significantly lower rolling resistance, resulting in environment-friendliness.

The Company focused also on the education of customer influencers. During the year, the Company educated the two-wheeler mechanics on tubeless tyres while in the tractor segment, 5000+ tractor mechanics were educated on superior tyre use.

Customer engagement

To build sustainable business relationships with consumers, the Company undertook various initiatives:

- Participation with OEMs in their service camps and well as staff education
- Tyre check-up campaigns at fuel stations and residential housing complexes
- Driver training programs for commercial vehicle owners and STUS

- Special campaign on safety of school kids – 'Back to School' campaigns dedicated for school buses where safety is of prime importance
- Customer interaction at actual consumption areas designated as hotspots. More than 1500 campaigns were conducted resulting in a reach out

to over 5000 customer in the truck segment

- Structured programs were undertaken for taxi aggregators like Ola and Uber

The Company also expanded the footprint of its brand shop to 500 during 2018-19, providing competent wheel care.



From left to right: Mr. Vikram Malhotra, Marketing Director; Mr. VK Misra, Technical Director; Mr. AK Bajoria, Director & President (International Operations); Dr. Raghupati Singhania, Chairman and Managing Director; Mr. Rajiv Prasad, President (India Operations); Mr. Anshuman Singhania, Whole-time Director; Mr. Sanjeev Aggarwal, Chief Financial Officer



Economic performance

Overview

The tyre industry in India is large, competitive and exposed to a number of global brands. In this challenging environment, there is an ongoing priority

to enhance financial efficiency, strengthen cash flows, enhance margins, repay debt and enhance sustainability. JK Tyre possesses a credible Balance Sheet

that addresses the timely needs of all stakeholders, strengthening its sustainability across market cycles.

Challenges, 2018-19

The Company encountered a number of challenges during the year under review. These challenges comprised the need to counter market sluggishness, rising competition (especially following the emergence of global brands in India),

moderate costs, enrich the product mix, maximise realisations, strengthen terms of trade, pass cost increases to consumers to enhance market share, strengthen access to banks (providing working capital), moderate corresponding short

term debt and conclude long-term wage agreements. Besides, the Company needed to mobilise adequate accruals to reinvest and enhance business sustainability.

Achievements, 2018-19

The Company strengthened revenues and touched a milestone of ₹10,000 crores, the highest in the Company's existence. The Company achieved its first ₹5000 crores in revenues in 33 years and replicated this in only the next eight years, indicating an accelerating momentum (even as it got larger).

The Company's performance during the year under review outperformed the economic growth - it enhanced revenues

by 24.2% compared to a 6.6% growth of the Indian economy and 5.6% growth of the Indian tyre sector. The Company reported profitable growth during a challenging year marked by a sectoral slowdown: even as revenues increased by 24.2%, EBITDA increased by 35.4%.

A key driver of the Company's enhanced profitability was an improvement in the product mix: the Company prioritised sales, promotion and marketing of

value-added aftermarket products. Besides, the Company altered its product mix in response to a slowing sales environment, delivering the right product mix for segments that resisted the broad slowdown. The result was that the Company increased revenue derived from the aftermarket. One of the important drivers of the Company's profitability was its financial discipline: inventories moderated from 63 days of turnover



JK Tyre Truck Wheels



equivalent to 59 days. As a result, working capital cycle moderated from 84 days of turnover equivalent to 76 days.

The Company strengthened its Balance Sheet during the year under review through a preferential allotment of equity shares to the promoters of the Company

at ₹103 per share. This infusion of ₹200 crores in net worth strengthened the debt-equity ratio, enhancing investor confidence.

Outlook

The Company is attractively placed to grow its business. Following the introduction of two- and three-wheeler tyres in the last three years, the Company's product mix is complete,

providing consumers a one-stop solution and carving out a superior customer wallet share. In the foreseeable future, the Company expects to moderate gearing, reinforce its financial foundation and

long-term business stability. With debt peaking and no major expansions planned in the next couple of years, the Company expects to reduce debt, strengthening its financial foundation.

JKTIL – Capital employed

(₹ In crores)

S.No.	Particulars	As on 31.3.19	As on 31.3.18	As on 31.3.19	As on 31.3.18
		Standalone		Consolidated	
(a)	Equity (Networth)	1995.12	1644.29	2420.63	2103.11
(b)	Debt				
	Long term borrowings	1558.22	1457.75	3317.16	3126.45
	Short term borrowings	1451.85	1522.38	1904.29	1862.2
	Payable in 1 year	309.54	517.95	536.06	822.63
	Total Debt (b)	3319.61	3498.08	5757.51	5811.28
(c)	CWIP	73.8	83.31	269.76	308.51
	CAPITAL EMPLOYED (a+b-c)	5240.93	5059.06	7908.38	7605.88

CIL – Capital employed

(₹ In crores)

S.No.	Particulars	As on 31.3.19	As on 31.3.18
		Standalone	
(a)	Equity (Networth)	681.16	710.04
(b)	Debt		
	Long term borrowings	1587.93	1540.84
	Short term borrowings	189.25	110.53
	Payable in 1 year	143.00	127.57
	Total Debt (b)	1920.18	1778.94
(c)	CWIP	180.81	213.32
	CAPITAL EMPLOYED (a+b-c)	2420.53	2275.66

JKTIL – Turnover and PAT

(₹ In crores)

Particulars	Year ended		Year ended	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
	Standalone		Consolidated	
Turnover	7,689.67	6,610.95	10,452.01	8,543.41
Operating Profits (PBIDT)	807.52	519.79	1,196.16	883.18
Finance Costs	316.28	274.12	521.08	465.50
Profit before Tax(PBT)	304.68	63.85	270.46	106.81
Tax Expenses	100.28	20.76	94.17	43.89
Profit after Tax (PAT)	204.40	43.09	176.29	62.92

CIL – Turnover and PAT

(₹ In crores)

Particulars	Year ended	
	31st March, 2019	31st March, 2018
	Standalone	
Turnover	2,316.46	1,670.47
Operating Profits (PBIDT)	261.96	206.55
Finance Costs	164.83	154.61
Profit before Tax(PBT)	(44.30)	(21.18)
Tax Expenses	(15.47)	(7.56)
Profit after Tax (PAT)	(28.83)	(13.62)

Payment for Employee Benefits	JKTIL		CIL	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Employees Benefits including retirement benefits	577.91	533.60	190.95	159.61




Payments to providers of capital	JKTIL		CIL	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Finance Cost	316.28	274.12	164.83	154.61
Proposed Dividends	36.93	34.02	-	-
Total	353.21	308.14	164.83	154.61

Payments for Community Investments	JKTIL		CIL	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
CSR Expenditure	6.73	4.56	-	0.07
Donations/Contributions	5.03	5.10	Rs. 21000	-
Total	11.76	9.66	Rs. 21000	0.07

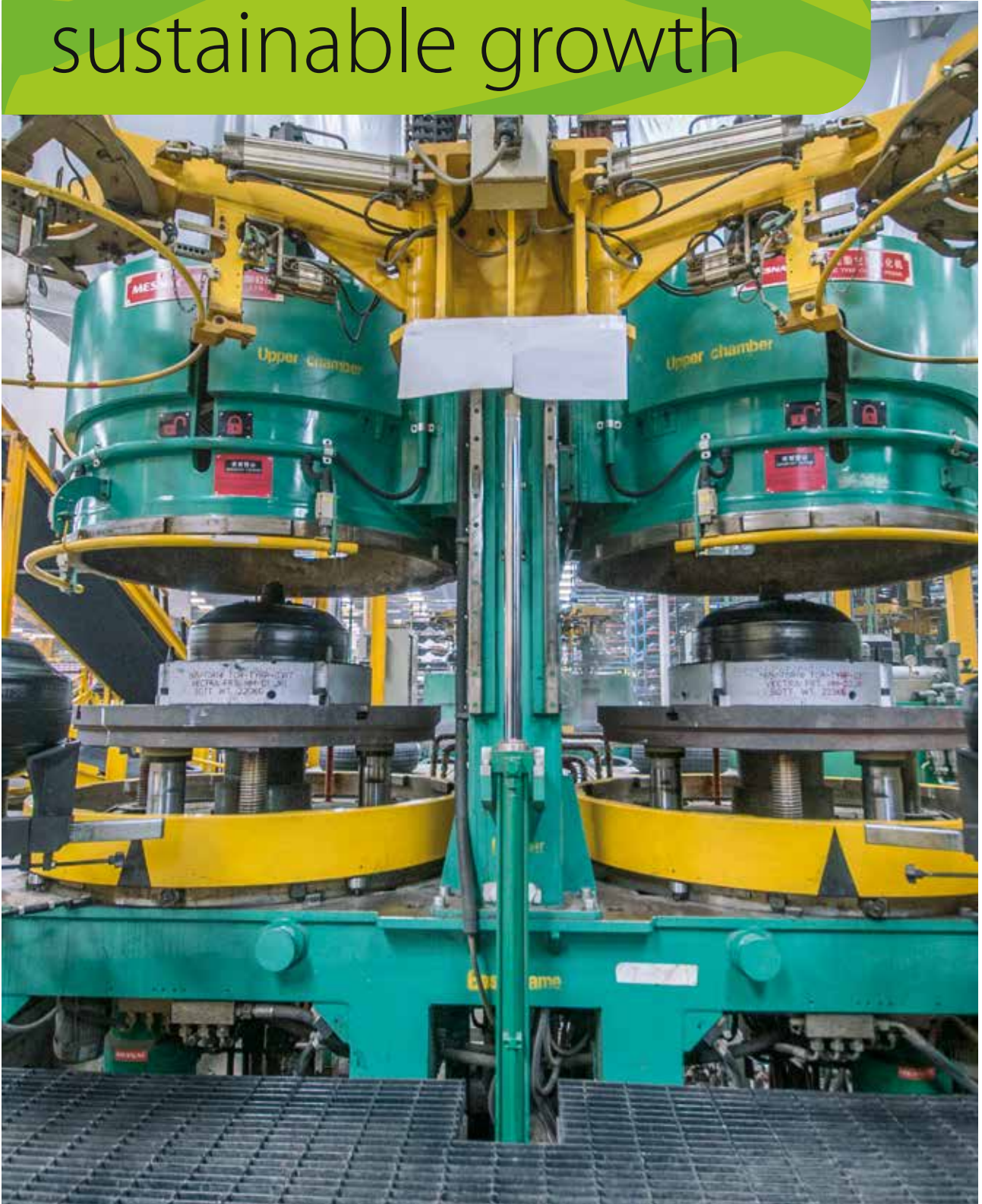


JK Tyre. Global footprint.



	Own plants (12)
	Outsourcing (1)
	Marketing hub (6)

Mission statement on sustainable growth



JK TYRE IS SEIZED OF THE NEED FOR SUSTAINABLE GROWTH AND A DWINDLING STOCK OF NATURAL CAPITAL. IN VIEW OF THIS, THE COMPANY IS COMMITTED TO THE FOLLOWING TEN - NATURAL CAPITAL COMMANDMENTS:

01

Reduce specific consumption of energy and water by 2-5% every year over the next ten years.

06

Increase the share of harvested rainwater in the overall annual use of water by 2-5% every year over the next ten years.

02

Reduce specific generation of waste and reduce the quantum of waste being directed to landfills by 2-5% every year over the next ten years.

07

Incorporate a comprehensive and holistic life cycle assessment criteria for evaluating new and alternative technologies and products.

03

Increase the use of renewables, including renewable energy, by 2-5% every year in place of non-renewable resources over the next ten years. The Company already generates about 39% of its total requirement of power through renewable resources.

08

Strive to adopt a green purchase policy; incorporate the latest clean technologies.

04

Reduce specific greenhouse gas emissions and other process emissions by 2-5% every year over the next ten years and explore opportunities through Clean Development Mechanism (CDM) and other Carbon Exchange Programs.

09

Take the lead in promoting and managing a product stewardship program by forging partnerships with businesses and communities.

05

Increase the use of recyclables and enhance the proportion of recyclable resources embedded in the product by 2-5% every year over the next ten years.

10

Reduce the depletion of natural capital, which is directly attributable to the Company's activities, products and services by 2-5% every year over the next ten years. We also commit to attain these commandments in our pursuit to certifications like TS16949, ISO 9001, ISO 14001, OHSAS 18001, SA-8000, ISO- 50001, ISO-27001, Green Buildings, Eco Labels Sustainability reporting and the like.

Awards and appreciation



Dr. Raghupati Singhania,
Chairman and Managing Director, being conferred the highest civilian honour of Mexico

Her Excellency Ms. Melba Pría, Ambassador of Mexico to India, conferred on Dr. Singhania 'The Order of the Aztec Eagle', the highest Mexican order given by that country to foreign nationals. This honour was in recognition of Dr. Singhania's exemplary leadership, his noteworthy services to humanity and efforts to strengthen bilateral ties between India and Mexico.



Top Rankers Excellence Award for Outstanding & Dynamic Leadership



DURING THE YEAR UNDER REVIEW, THE COMPANY RECEIVED SEVERAL COVETED AWARDS RECOGNISING ITS CULTURE OF EXCELLENCE:

Super Brand 2019 – awarded seventh consecutive time

National Water Award for Excellence in Water Management - Kankroli tyre plant

Best Energy Efficient Case Study at 2nd CII National Energy Efficiency Circle Competition 2018

National Water Award for Excellence in Water Management 2018 by CII on Noteworthy Water Efficient Unit

National Award for Excellence in Energy Management 2018 – for third consecutive year

TPM Excellence Award 2018 - The Japan Institute of Plant Maintenance (JIPM) awarded the prestigious award to the Chennai unit

CSR Award - Large Enterprise 2018 on 54th Foundation Day of UCCI

Certified as "Great Place to Work" by Great Place of Work Institute for the year 2019



Corporate governance

IN ANY ORGANISATION, THE QUALITY OF THE GOVERNANCE PROCESS – REFLECTED IN ACCOUNTABILITY, CREDIBILITY AND STAKEHOLDER CONFIDENCE – IS INFLUENCED BY THE ORGANISATIONAL STRUCTURE, ALLOCATION OF RESPONSIBILITIES AND THE REPORTING OF ACHIEVEMENTS. AT JK TYRE, WE CREATED A STRUCTURE TO MAKE THIS AN ONGOING REALITY.

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 as follows:

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

In a nutshell, the philosophy focuses on observing business practices with the ultimate aim of enhancing long-term shareholders' value coupled with commitment to high standard of business ethics. In achieving so, the Company has laid down a code of corporate ethics to maintain the highest standards of ethics in its interface with stakeholders. This has helped the Company in clearly laying down the core values and corporate ethics, to be practiced by its entire management cadre.

The Company has a code of conduct for management cadre staff in place (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. The same is available on the website of the Company. All Board members and senior management personnel have affirmed compliance with the said code.



Stakeholder engagements

WE BELIEVE THAT A RESPONSIBLE STAKEHOLDER ENGAGEMENT IS FUNDAMENTAL TO THE SUCCESS OF ANY ENTERPRISE.

THE WORLD OVER, THERE IS INCREASING INTERACTION BETWEEN A BUSINESS AND SOCIETY. ALL THE INTERESTED PARTIES ARE AWARE OF THE COMPLEXITIES AND INTERCONNECTIONS BETWEEN ECONOMIC, SOCIAL AND ENVIRONMENTAL ISSUES, MAKING IT IMPERATIVE TO ADDRESS GROWING CONCERNS IN A COLLABORATIVE MANNER . STAKEHOLDER ENGAGEMENT IS HELPING DEVELOP AN UNDERSTANDING OF SUSTAINABILITY, CREATING VALUE AND A PURPOSE IN ADDRESSING ISSUES CHALLENGING HUMANKIND.

Stakeholder inclusiveness is also central to the materiality determination process. It is important to consider reasonable expectations and interests of stakeholders to provide a balanced view of emerging issues .

At JKTIL, stakeholder engagement is ongoing and we strive towards effective engagement for the active consideration of concerns and inputs. We engage with a diverse set of stakeholders, formally and informally, to discuss our sustainability performance, ensuring business continuity and sustainability. Our stakeholders' views, concerns and key expectations have always been essential

in shaping our strategy and future aspirations.

To understand our stakeholders' needs and concerns, we engage with stakeholders on a regular basis through our formal stakeholder engagement process. JKTIL has mapped its internal and external stakeholders and identified employees, customers, dealers/suppliers, government and government agencies, lenders, shareholders/ investors and society as critical stakeholders; the process involves direct and detailed consultations with these identified stakeholder groups.

The Company's stakeholders represent a mix of those who possess a direct impact on the operational/ business value chain and those that are part of the larger community and society . This has helped us in identifying and prioritising the issues, enabling us to focus on the topics of importance to our stakeholders. As in the past, JKTIL has identified the disadvantaged, vulnerable and marginalised stakeholders in and around its manufacturing plants. The Company engages with these stakeholders through various programmes, projects and activities.



At JKTIL, we have multiple channels for engagement with our stakeholders. The evaluation process of the concerns raised includes feedback mechanisms, customer and employee surveys, and interactions with specialist groups and discussions with individual stakeholder groups. In

FY 2016-17, we collected thorough feedback from our employees, gauging their levels of satisfaction. Thereafter, during FY 2017-18, we formally commissioned an employee satisfaction survey that was conducted by an external arbiter. The feedback and results from the

analysis have subsequently been considered in this materiality assessment too. During FY 2018-19, we also engaged with our customers, suppliers and community members through surveys and personal interactions.

Stakeholder	Frequency of engagement	Engagement mechanisms	Key concerns raised	Feedback mechanism
Employees	Weekly; Monthly; Annual	Town Hall meetings; Focused Group Discussions; Training; Communication; Displays; Tool Box meetings	Employee well-being; Career development; Grievance mechanisms; Communicating policy decisions	Performance appraisals; Satisfaction surveys
Customers	Annual; Need based	Customer meets; One-on-one interactions; Surveys	Complaints handling; Product development feedback	Customer satisfaction surveys
Community	Annual; Need based	Direct interactions with community leaders, NGO's	Education; Skill development; Health & hygiene ; Women empowerment	Interactions; surveys



JK Tyre Xpress Wheels



Stakeholder	Frequency of engagement	Engagement mechanisms	Key concerns raised	Feedback mechanism
Vendors / Suppliers	Half-yearly; Annual	Supplier meets; Vendor analysis	Quality and timely delivery; EHS and social policy deployment	Satisfaction surveys; Vendor rating
Dealers	Annual; Need based	Dealer meets; One-on-one interactions; Audits; Training	Customer relationships; Product knowledge	Satisfaction surveys;
Statutory Bodies	Need based	Interactions; Industry forum meets	Compliance; Industry concerns; Government expectations	Interactions
Shareholders	Annual; Need based	Investor meets; Investor grievance forums	Strategy and performance; Compliance; Feedback on actions implemented	Meetings; Action plans

Materiality

Determining 'materiality' helps an organisation understand issues relevant to stakeholders over the short, medium and long-terms. This understanding, in turn, makes sustainability strategy and action in line with stakeholder priorities, and more robust in terms of creating impact and navigating risk.

At JKTIL, we use materiality assessment to prioritise sustainability issues across business operations. Issues are set to be material for JKTIL, when it meets two conditions i.e., impact on business and importance to stakeholder. Materiality assessment helps the organisation in identifying and addressing core issues

and enables the organisation to strategise and ensure sustainable performance.

At JKTIL, our materiality determination process is based on a three pronged approach:

Ability to:

- Identify and prioritise issues for action according to degree of significance to the business
- Determine what information is useful and meaningful to different stakeholders

Based on:

- Broad-based and inclusive research and engagement with stakeholders
- Clear and transparent criteria to help decide what is material
- Integration and embeddedness into governance processes

Needs to be:

- Rigorous
- Practical
- Purposeful



Mercedes 24-hour non-stop record-breaking performance run on JK Tyre



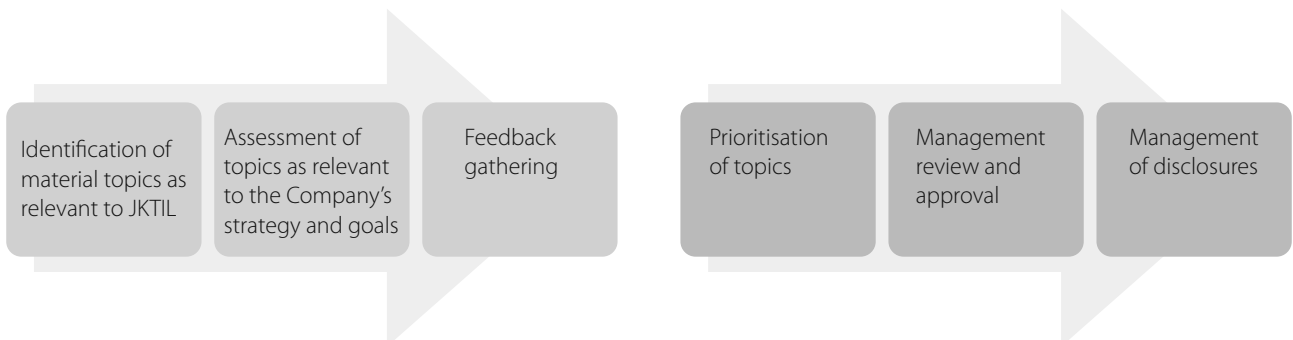
We have initiated our materiality assessment by identifying potential material topics through our activities and initiatives such as JKTIL Business Excellence, Sustainability Committee meetings etc. ... Following identification, these material topics were prioritised

based on the Company's business strategy and risk management framework.

Our materiality assessment process has enabled us to identify the key issues relevant to our business. The feedback and concerns gathered have aided us in

framing our policies, prioritisation of strategy, and deciding action plans on the three pillars of Sustainability viz., economic, social and environmental; Specifically, as in the previous year, we are focusing on economic performance, climate change and social responsibility.

The materiality assessment process briefly covers the following



The topics for engagement process were assessed against the following critical parameters that drive the Company's policies, strategies and goals:

- (a) Compliance requirements
- (b) Risks and opportunities
- (c) Insights from the top management
- (d) Innovation & product development and
- (e) Competition.

We review the progress on material aspects concerning our stakeholders on an on-going basis and communicate the progress on the same through various channels. The discussions and results thus declared through this report demonstrate a robust stakeholder engagement process that reflects JKTIL's attention to stakeholder requirements becoming an

input to the materiality process. Periodic discussions, reviews with the Board and its committees and meetings with the stakeholders and location management focus our attention towards prioritising and meeting the expectations of the stakeholder fraternity.

Identification of issues

A significant part of the materiality determination stems from the organisation's mission, values, commitments and competitive strategy as well as the impact of or on its economic performance. An internal perspective on risks as identified through organisational processes like risk assessment studies, financial reports and sustainability reports using disclosure frameworks was considered in the process.

We conducted an extensive review of literature to identify issues considered as material and identified as risks by our business peers and also to understand expectations expressed in international standards and agreements. Sources of information were drawn from annual reports, sustainability reports and ISO 26000 Guidance on social responsibility.

Stakeholder inclusiveness is central to the materiality determination process. It is important to consider reasonable expectations and interests of stakeholders so as to provide a balanced view of the issues that emerge. At JKTIL, we engage with our stakeholders regularly to understand their concerns and develop plans to address those concerns.

From the above mentioned sources, a laundry list of all issues that could be material for our businesses was identified.



Cavendish Tyre Plant, Laksar, Haridwar



List of material topics identified

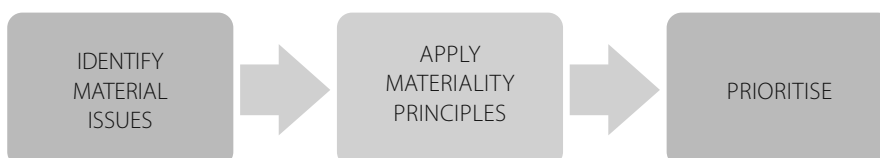
- Energy management
- Safety management
- Environment management
- Waste management
- Customer centricity
- Employee engagement
- Regulatory compliance
- Product stewardship

- Digital experience
- Innovation
- Responsible procurement
- Circular economy
- Human rights
- Anti-corruption
- Community development
- Water management

- Communication
- Road safety
- Talent attraction, development and retention
- Supply chain management

A stakeholder interaction exercise was conducted across our operations, covering the senior management and mid-level management to identify and understand their concerns among the identified universe of material topics.

Our assessment of materiality was broken into three components



During the reporting period (FY 2018-19), apart from the existing mechanisms of engagement, we decided to focus specifically on one of the most important stakeholder groups – our employees. We engaged an external agency to interact with our employees across the organisation and in all the locations. The key objective of the study was to look at the various dimensions of employee satisfaction and commitment and to suggest ways and means for employee retention and improvements in the system. The results from the survey were analysed and considered in the materiality process. The responses and feedback received from all the other channels and stakeholders were also

analysed and then discussed within the corporate sustainability team. The list of material topics was identified and presented before the leadership committee to prioritise the material topics for JKTIL. Subsequently the teams at four manufacturing locations submitted their action plan on the legitimate concerns raised by the stakeholders. All the relevant stakeholder groups/ individuals were included in the materiality analysis.

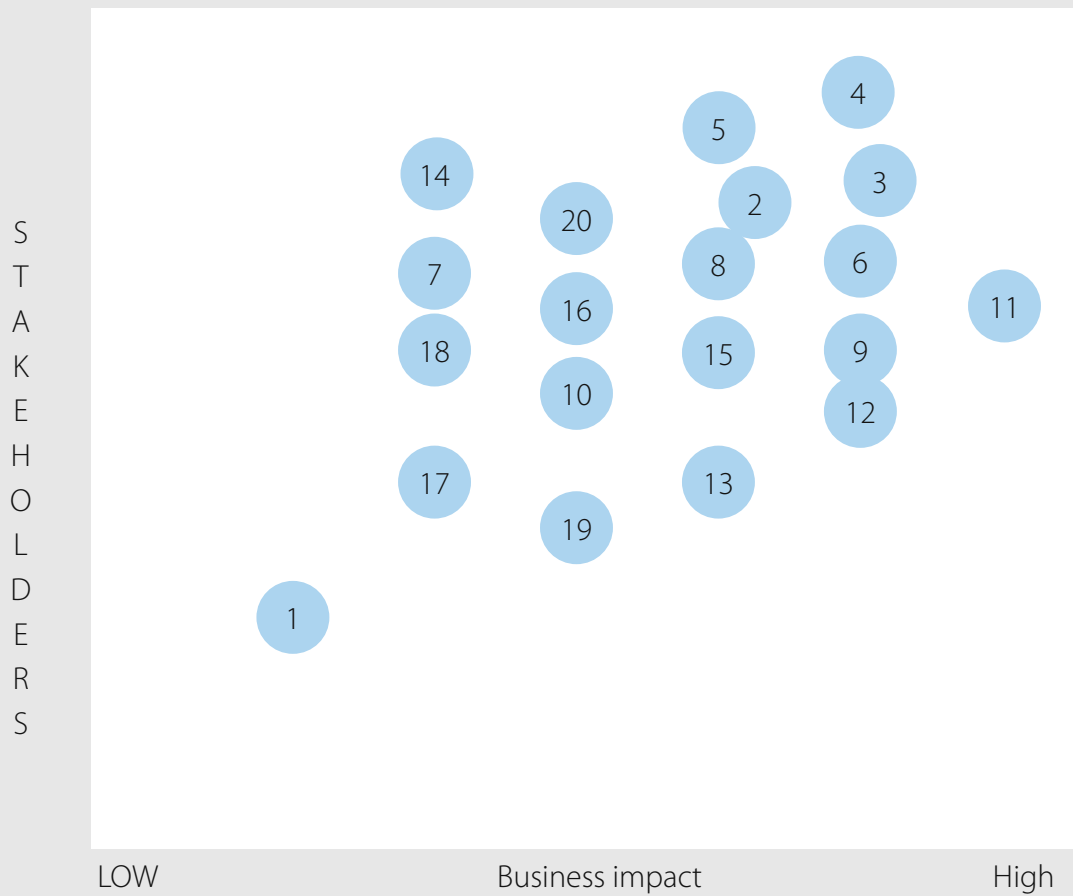
Each stakeholder was assigned a weightage based on their ability to influence and get influenced by JKTIL's performance and operations. Each of the identified topics was assessed for its importance to each key stakeholder.

Subsequently, a potential issue was identified for each of the topics and the magnitude and probability of occurrence of the identified potential issues was reviewed in the short- (1-2 years), mid- (3-5 years) and long- (6-25 years) time frame. Also, to identify if an issue is material, we also assessed the alignment of issue with our vision, purpose, values and its potential impact on our business operations and the degree to which it can impact or trigger a change.

Subsequently, the material topics were plotted on the basis of importance to stakeholders and impact on business in a graphical representation depicting the material issues for JKTIL.



Materiality Matrix





JK Tyre Plant, Chennai



The materiality process resulted in the emergence of a list of material topics significant for JKTIL: a list prioritised by stakeholder groups engaged and which reflected the sustainability context of the organisation. The overall selection of final material topics was done considering the impacts that each one could create across the value chain and to ensure that

comprehensive and required information went into the report to address the information needs of engaged stakeholders at large.

The reporting principles on stakeholder inclusiveness, sustainability context, materiality, and completeness were also ensured throughout the process. The set

of material topics determined were the same in this report and the previous sustainability report. We believe that these are relevant material topics as it also reflects our vision, action plans and progress towards the different key challenges faced by us across various aspects of sustainability.

The boundary for the topics comprised four manufacturing locations, unless otherwise specified.

Category	Material Topics	Why is this important for JKTIL
Resource conservation	<ul style="list-style-type: none"> ● Energy ● Emissions ● Water ● Waste management 	Combating climate change, resource conservation and waste management are the foremost concerns facing mankind today. At JKTIL, we recognise this to be relevant considering the operations involved. Being a responsible organisation, we aim to manage our greenhouse gas emissions, conserve energy and reduce our wastes through an approach that is focused on going beyond legal compliance and exploring green solutions.
Economic performance	<ul style="list-style-type: none"> ● Economic performance 	In line with the Company's vision of striving towards a sustainable world, this topic is relevant for ensuring inclusive growth; one that involves and benefits all stakeholders such as employees, shareholders, customers, suppliers and the community
Employee well-being	<ul style="list-style-type: none"> ● Employment ● Health & safety ● Training & education 	We recognise our employees to be our biggest assets. In order to meet our strategic goals and the changing consumer needs, JKTIL's priority has been towards attracting, engaging and retaining the best talent in the industry; all aimed at ensuring the overall well-being of the employees.
Community development	<ul style="list-style-type: none"> ● Local communities 	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 community development initiatives can be categorised across education, health, livelihoods and water conservation, wherein we emphasise the empowerment of communities and mainstreaming them.
Governance	<ul style="list-style-type: none"> ● Compliance ● Procurement practices 	Sustainability at JKTIL has been a journey that goes beyond mere compliance - one that strives towards being seen as a transparent and credible organisation among the stakeholder fraternity.
Customers	<ul style="list-style-type: none"> ● Innovation ● Customer centricity 	Engagement is critical to understand and meet expectations of customers and customer retention is dependent on the quality of engagements. Innovation too helps generate revenue for the business and builds relationships for the long term.



Vikrant Tyre Plant, Mysore



Ecological sustainability

JKTIL RECOGNISES THAT ECOLOGICAL SUSTAINABILITY DEMONSTRATES RESPONSIBLE CORPORATE CITIZENSHIP.

An ecosystems approach to resource management and environmental protection considers the complex inter-relationships of an ecosystem in decision-making rather as opposed to simply responding to specific challenges. Ideally the decision-making processes under such an approach would be collaborative towards planning and decision-making involving a broad range of stakeholders. This approach ideally supports a better exchange of information, development of conflict-resolution and improved eco-conservation.

With this vision, JK Tyre will continue to contribute towards building a sustainable society by balancing operations with the environment, being in harmony with nature, and improving the quality of life for all. JK Tyre is committed to the goal of being a Green and Clean Company woven around a sustainable use of energy. The Company continued to emphasise the conservation of energy; measures taken during the previous years were continued. Since energy conservation is the act of saving energy, this approach was developed under the

framework of ISO 14001 – Environment Management System.

The Company continues to invest in new technologies to improve performance and resource efficiency. It believes that through conscious efforts it can mitigate environmental challenges and contribute towards the conservation and well-being of the ecosystem.

Being cognizant of the need for sustainable growth and depleting natural capital, the Company is committed to the attainment of its Ten Natural Capital Commandments.

The 10 commandments

Commandments

Reduce specific consumption of energy and water by 2-5% every year

Decrease specific generation of waste, including the quantum of waste going to landfills, by 2-5% every year

Scale down specific GHG emissions and other process emissions by 2-5% every year and explore opportunities through Clean Development Mechanism (CDM) and other Carbon Exchange programmes

Increase the use of biodegradable resources in our products by 2-5% every year

Maximise the share of harvested rainwater in the overall annual use of water by 2-5% every year

Incorporate life cycle assessment criteria for evaluating new and alternative technologies and products

Strive to adopt green purchase policy and incorporate latest clean technologies

Take the lead in promoting and managing product stewardship, by forging partnerships with businesses and communities

Reduce depletion of natural capital, which is directly attributable to our activities, products and services by 2-5% every year

Commit to demonstrate attainment of these commandments through our pursuit of certifications such as TS16949, ISO 9001, ISO 14001, OHSAS 18001, SA-8000, ISO- 50001, ISO-27001, Green Buildings, Eco Labels Sustainability reporting and the likes

We have an established system under ISO 14001: 2015 through which environmental risk, impact and assessment are reviewed periodically. The purpose of this procedure is to establish procedures for identifying environmental/ hazard aspects of activities, risk assessment and determining control, and products and services that can be controlled and influenced.

The Company announced 'Becoming Green Company' as a part of its Mission Statement. All plants are certified by CII-GODREJ with Greenco Awards for the last four years. Pursuant to Swachh Bharat Initiatives, the Mission is to be water-positive in all plants by 2022. The on-going greening initiatives include 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. The Company initiated and achieved EnMS (Energy Management system) ISO-50001 in all locations. The Company is working to have 37% of its energy requirements obtained through renewable sources across the plants. The projects towards achieving this have started.

JKTIL is committed to design, manufacture and distribute 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 the 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 the availability of resources to enhance GHG performance and build a suitable corporate culture.

- Aligning employee competencies to the needs of this system.

- Creating a continual improvement mindset with respect to GHG performance within the organisation

The Company has been committed for the past many years to energy conservation, waste reduction and water conservation. The commitment is transformed into a great initiative of being green and clean with a sustainable use of energy. JK Tyre is also committed to the goal of Energy – Reduce Recycle Reuse and becoming the first green and clean tyre company in India. Our efforts are showing encouraging results. JK Tyre is proud to share that its specific water consumption is at the world benchmark in the industry and efforts are to reach new milestones. The Company has also shown a significant reduction in energy consumption and with all the efforts and work in the area of 'green' energy that we have achieved the new milestone of energy consumption GJ/tonne of finished goods in the FY 18-19 stands among the top five companies in the sector worldwide. This also results in a continuous drop in carbon footprint year-on-year. The journey will continue with a defined plan for ongoing improvement.



JK Tyre is also committed to the goal of Energy – Reduce Recycle Reuse and becoming the first green and clean tyre company in India. Our efforts are showing encouraging results. JK Tyre is proud to share that its specific water consumption is at the world benchmark in the industry and efforts are to reach new milestones.



Energy

JK Tyre is committed to the goal of being a 'green' and clean company with a sustainable use of energy. The Company emphasises the conservation of energy and measures taken during the previous years. Energy conservation is the act of saving energy by reducing a service. In other words, to conserve energy, one needs to cut back on usage. In alignment with this principle JK Tyre achieved new milestones to reduce energy consumption. In 2018-19, JK Tyre achieved a total energy benchmark level of 9.81 GJ/tonne of production, among the top five best companies in the sector worldwide. A commitment to improve further will enable the Company to achieve even better milestones. In view of this, the efficiency of energy utilisation in each manufacturing unit is monitored at the corporate level every quarter, in order to achieve effective conservation of energy. Since JK Tyre is the first Indian tyre company to have been certified CFV as

per IS standard, the focus continues on GHG emission reduction, resulting in over 44% reduction in emission over base year (2013-14). Monitoring carbon footprint is a part of our commitment to society for a better and safer environment.

Energy conservation is an effective way to lower overall energy consumption and improved energy efficiency. On a larger scale, energy conservation is an important element of energy policy. Major efforts involved in conservation are to push towards renewable energy sources. Efficient lighting, rationalisation of boiler capacity and redistribution of thermal energy are innovative ideas to increase energy efficiency.

At JK Tyre, an emphasis on 'green' energy is one of the core approaches. As a result, almost 39% of the Company's total power requirement is being met from renewable energy sources (solar and wind).

44%

REDUCTION IN GREENHOUSE GAS EMISSIONS OVER THE BASE YEAR (2013-14)



Aerial View of Roof Top Solar PV



Our performance

Total energy consumption for the reporting year (2018-19) was 2954002 GJ. The major constituents of energy were

coal (68%) and power (31%) of the total energy consumed in the reporting year. Due to the adaptation towards green energy, switching to renewable sources

from non-renewable is in progress and almost 37% of power was sourced from renewable sources in the reporting period compared to 21% in FY17-18.

Energy consumption

(in GJ)

Energy	2016-17	2017-18	2018-19
Electricity	894870	903589	911950
Fuel			
• Coal	1900078	2014776	1990981
• High-speed diesel/furnace oil	42365	28893	31571
• LPG	13229	14327	13499

Share of plants in energy consumption

(in GJ)

Location	Plant 1			Plant 2			Plant 3			Plant 4		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
Direct energy	455580	494119	466359	259698	293727	282249	763901	839834	835591	476492	430316	457852
Indirect energy	169455	165029	165655	118113	135665	131900	312151	321480	321396	295151	281415	292999
Total energy consumption	625035	659148	632014	377811	429392	414149	1076052	1161314	1156987	771643	711731	750851

An effective way to lower overall energy consumption was actual energy conservation, the same being for improved energy efficiency. On a larger scale, energy conservation was an important element of the Company's energy policy. A push towards renewable energy was one of the major conservation initiatives. The Company utilised 39% renewable power of its total requirement, which is expected to increase as new projects are under implementation. An efficient lighting system and conversion

of conventional source to the energy efficient source (LED) was one of the major changes that the Company adopted to enhance efficiency.

JKTIL remain a frontrunner in improving its operational performance production, yield, plant utilisation and others, while reducing the consumption of fuel, power, stores and others. A slew of initiatives were taken across production facilities to ensure that energy conservation was taken up as a critical aspect of improving the performance culture.

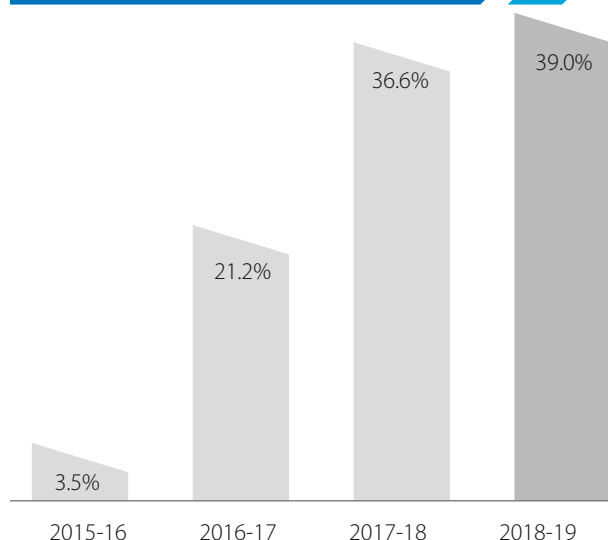
84%

Proportion of LED lights out of the total conventional lights in the plants

Energy consumption trend (GJ per tonne)



Renewable power in the total power consumption



Emissions

Our performance

At JKTIL, we have been accounting and reporting our carbon footprint since 2013. Over the years, we have been endeavouring to reduce our footprint through specific initiatives.

The Company is committed to design, manufacture and distribute products and services in a manner that will be 'green' and believe in the quantification of greenhouse gas emissions by value-addition processes as a first step in reducing these emissions in a systematic manner by the following means:

- Ensure conformance with the ISO 14064-1:2006 international standard
- Ensure that this information will facilitate the preparation of GHG reports that remain relevant, complete, consistent, transparent and accurate

- Ensure availability of resources to enhance GHG performance and build a suitable corporate culture

- Align employee competencies to the needs of this system

- Create a continual improvement mind set with respect to GHG performance within the organisation

In establishing the operational boundaries for JKTIL, GHG emissions emanate largely from fossil fuel consumption in the facility's boilers and processes, purchased electricity and steam consumption, diesel consumption in DG sets, refrigerant gas consumption in chillers and air conditioning units of the Company. Energy efficiency projects and plantations within the facility's organisational boundary could act as sinks. The relevant GHGs for the four

locations are carbon dioxide, methane, nitrous oxide and HFCs. Using the operational control approach, JKTIL accounts for all quantified GHG emissions and/or removals from all the operations over which it has control. Source of the emission factors together with the global warming potential (GWP) rates used, or a reference to the GWP source have been indicated; standards, methodologies, assumptions, and/or calculation tools used have been clearly documented in JKTIL's GHG Annual Report 2018-19.

By 2019-20, the Company aimed to reduce its CO₂ emission by 50% compared to the base year emissions (2013-14). With its pointed focus and continuous efforts, JK Tyre has managed to sustain its emissions intensity at 1.071 tonne of CO₂e / tonne of finished product. Most operations depended on non-



renewable sources of energy, the major contributor to GHG emissions. However, the share of renewable energy as an energy source increased significantly during the reporting period.

JKTIL is in the third cycle for reporting and getting assessment of climate change in

2019. As a part of Go Green initiative, JKTIL participated in the CDP 2017 and CDP 2018 and was the first Indian tyre company to participate in it.

The Future

Energy and GHG emissions management

We shall be adopting a twin-pronged strategy of improving our energy efficiencies and embracing renewable energy at each of our manufacturing locations.

Climate related risk assessments & R&D initiatives

- Recently various regulations were introduced for the purpose of curbing climate change impact. With respect to tyres, maximum limits on rolling resistance and the labelling system were introduced. Following the new regulations, initiatives were taken to develop low rolling resistance tyres and measure rolling resistance coefficient value. There is a possibility of further development in case regulations become stricter and/or expand globally. JK Tyre's research and development encourages the development and launch of low

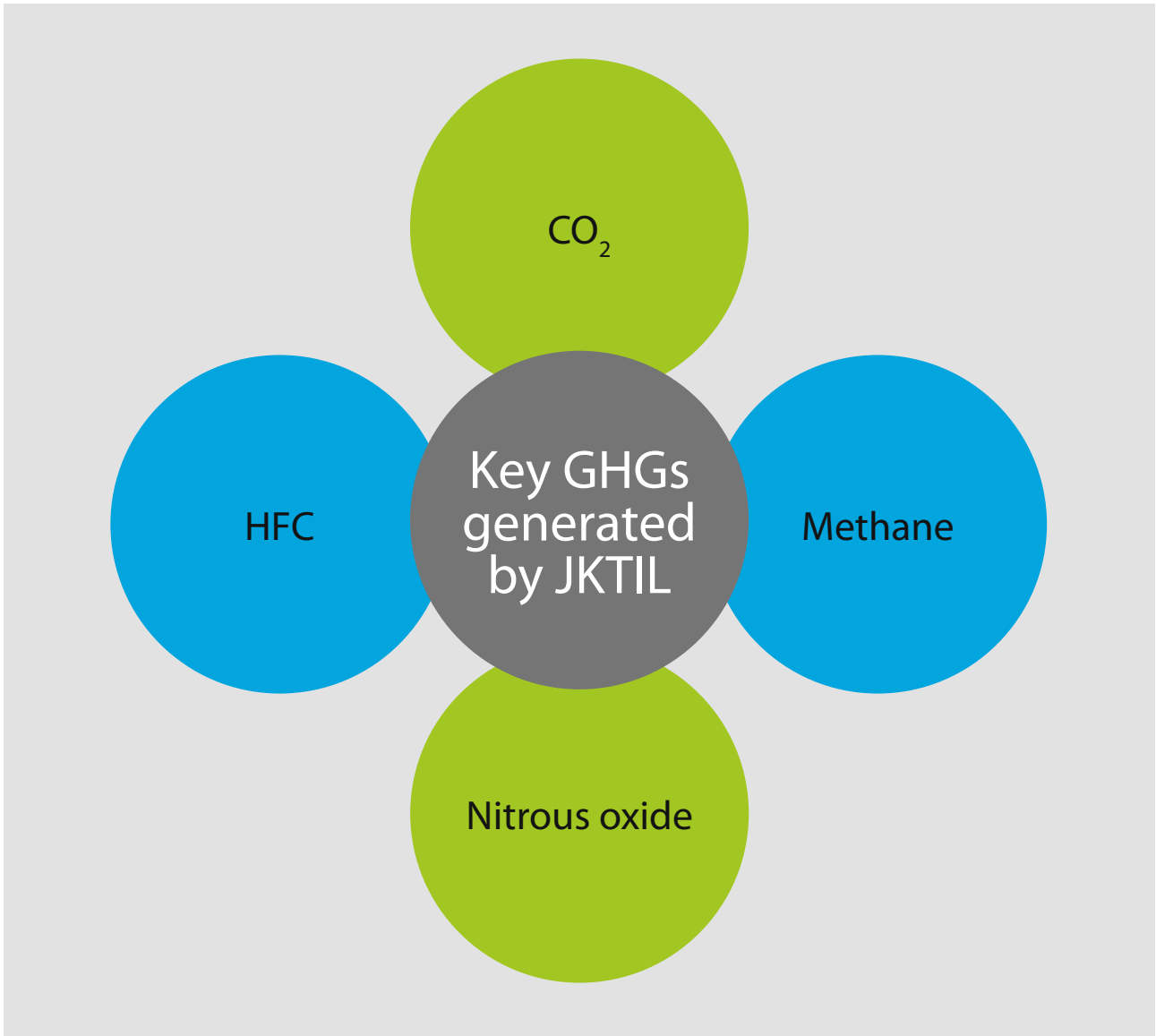
rolling resistance tyres to contribute to CO₂ emissions reduction.

- The most important factor in taking advantage of the maximum limit and labelling system of rolling resistance as an opportunity is the development of technologies for reducing tyre rolling resistance. Towards this, we are reducing rolling resistance by developing a technology for tyres through enhanced focus on the molecular structure of raw materials, weight reduction, internal structure of tyres and tyre groove configuration, among others. Tyres that

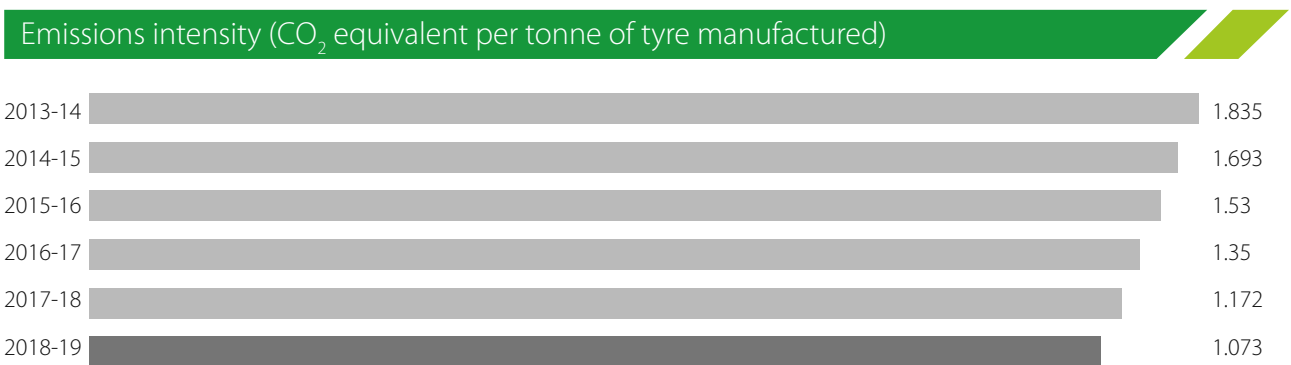
employ this new technology are able to realise better levels of fuel efficiency and expected to reduce CO₂.

- In order to further reduce CO₂ emissions, several initiatives were taken at JK Tyre's different production sites through:

- a) Reducing mixing stages to save energy.
- b) Optimising the cure cycle to reduce energy consumption
- c) Use more eco-friendly materials, which reduced CO₂ production during manufacture



GHG emissions, 2018-19							
	Plant 1	Plant 2	Plant 3	Plant 4	PDC	HO & Sales	TOTAL
Scope 1 (CO ₂ e Tons)	41235	24581	81916	47300	5	51	195088
Scope 2 (CO ₂ e Tons)	37324	29979	24417	34297	276	374	126667
Total Emission (CO ₂ e Tons)	78559	54560	106333	81597	280	425	321756
Production (MT)	67985	30955	109669	91364			299973
Emission Intensity CO ₂ e tonne / tonne of Tyre	1.15554	1.76257	0.96958	0.89342			1.07262





Emissions source category	CO ₂ e tonnes						% Change of Overall GHG % Footprint
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
Fuel for boiler-coal & charcoal	284420	277070	209468	199904	200586	189207	-33
Diesel-(stationary)	711	1211	598	754	310	234	-67
Diesel-movable	335	448	539	413	343	307	-8
Petrol-movable	25	48	41	34	23	19	-26
Fire extinguishers - CO ₂	3	2	1	2	1	1	-76
Air conditioners – refrigerants	2583	2170	2143	1343	1419	2449	-5
LPG consumption	1280	1223	1128	1049	1036	998	-22
Oil soaked cotton waste burnt	12	15	16	26	0	0	-100
Furnace oil consumption	5140	3971	3279	2551	1722	0	-100
ETP sludge & decomposable organic content	0	0	0	0	0	0	0
Welding acetylene	31	39	33	27	21	24	-24
Scope 2							
Usage of purchased electricity	178504	179686	209021	160958	133699	126667	-29
Total	473044	465884	426267	367063	339159	321757	-32

Goals	<ul style="list-style-type: none"> ● Reduction in energy intensity by 3% between 2019-20 ● Reduction in emissions intensity by 6% between 2019-20 ● Increase share of renewable energy from the current 39% to 50% between 2019-20
Action Plans	<ul style="list-style-type: none"> ● Improve operational efficiencies in areas such as chillers at each of the manufacturing locations ● Initiate, track and monitor scope 3 emissions at JKTIL ● Initiate procurement of renewable energy•

Water

Water is an overexploited resource that has been largely left out of effective governance mechanisms. Water scarcity is one of the major problems faced across the globe. We understand the importance of water and strive to reduce our consumption of fresh water on an ongoing basis. Groundwater, municipal water supplies and private sources account for nearly 98% of the total fresh water consumption. The water supplied by the municipal bodies and private sources is sourced from river, lakes or local aquifers. Ground water accounts for nearly 58% of our total freshwater consumption across all manufacturing locations.

We take care not to withdraw water from water bodies recognised to be particularly

sensitive due to their relative size, function or status as a support source for endangered species. None of our operations are significantly impacted by our withdrawal or are covered under any nationally or internationally designated water conservation areas. At all of our manufacturing locations, we source surface water from municipal corporations or nearby rivers, besides using underground water. Water metering stations have been installed at vital usage points for effective control across all manufacturing units. Our raw water consumption levels are as low as 2.42 litres per kg of production, a 14% reduction over the previous year. This is an industry benchmark and an outcome

of systematic initiatives undertaken over the last five years.

We do not discharge waste water into any subsurface waters, surface waters or sewers that lead directly to rivers, oceans, lakes, wetlands and ground water. The treated water from our sewage treatment plants are tested and are in conformance with the parameters specified by the respective local pollution control boards.

Our performance

JK Tyre is now setting new benchmarks in water consumption by achieving the milestone of 2.18 litre/Kg of production. A phased plan and implementation over five years resulted in this milestone. Efforts to reduce consumption at all plant locations are in progress.

Water consumption (kl/tonne of finished product)

2014-15	3.90
2015-16	3.40
2016-17	2.83
2017-18	2.42
2018-19	2.18

Share of plants in water consumption (in kl)

Water sources	Units	Plant 1			Plant 2			Plant 3			Plant 4		
		2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Surface water	kl	7127	5936	5018	8925.81	6607.8	6204.11	260125	214281	273881	57014	125310	144333
Ground water	kl	0	0	0	0	0	0	45931	70167	31650	150215	99440	32532
Total water withdrawal	kl	7127	5936	5018	8925.8	6607.8	6204.1	306056	284448	305531	207229	224750	176865
Volume recycled/reused	kl	3679	4393	4511	1819.52	828.25	706.37	161665	155580	76022	122383	199265	196222
Volume recycled/reused as a percentage of the total water withdrawal reported above	% reused	51.6	74	89.9	20.4	12.5	11.4	52.8	54.7	24.9	59.1	88.7	110.9

With an increased focus on water conservation by the management, JKTIL has engaged a third party agency to carry out water audits at each of its manufacturing locations and whose recommendations are being

implemented diligently to reduce consumption. As a part of Go Green initiative, JKTIL participated in the CDP Water Security 2019. It is the first Indian tyre company to participate in it.

The future

JKTIL has recognised water availability as a business risk and is focused on the proactive assessment and planning for water security at all its manufacturing locations, essentially through continuous improvement of water efficiency (water use per tonne of finished product) of its operations.



Water Conservation Project, Kankroli, Rajasthan



Goals	<ul style="list-style-type: none"> ● Improve water efficiency (water use per tonne of finished product) by 5% year on year
Action Plans	<ul style="list-style-type: none"> ● Ensuring rain water harvesting and its integration into the consumption side of the water cycle at each of the manufacturing locations ● Monitor, measure, manage and reduce water wastages. Continue with the regular water audits and monitor losses. Implementing standard metering infrastructure and procedures across campuses. ● Implement aerators and waterless urinals etc. across all locations

Effluents and waste

Emphasis on the production of eco-friendly products with a focus on minimal waste generation driven by reuse and recycling of waste is the vision of our Environment and Sustainability Policy. The Company has established a well-defined process to recycle and re-use the entire process waste. Waste generated from the tyre manufacturing process is in a solid and liquid form and classified as hazardous and non-hazardous. This segregation enables the formulation of suitable strategies for their safe disposal, preventing harm to the environment. We also use about 5% of the recycled/regenerated materials in the virgin product. The Company achieved process scrap/waste below 1%.

All the manufacturing locations are equipped with effluent treatment plants

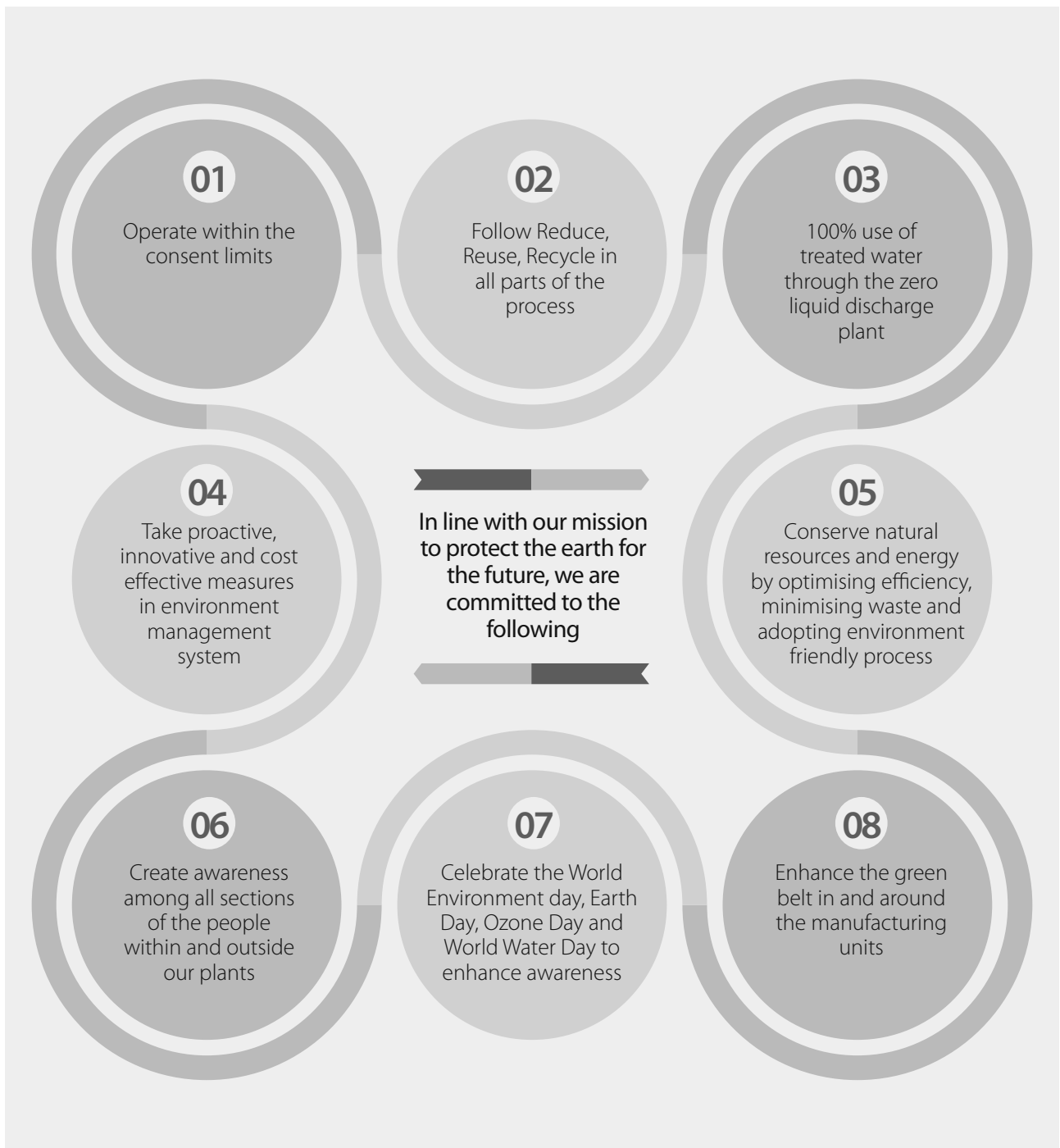
that treat water to effluent quality standards prescribed in the water consents. This treated water is used within the premises and/or used for gardening purposes. There have been no recorded instances of any non-compliance either in the effluent parameters or in the quantities to be generated as prescribed in the water consents in any location.

The Company established a well-defined process to recycle and re-use the entire process waste. It used approximately 5% of the recycled/regenerated material in the virgin product. The Company achieved process scrap/waste below 1%. The disposal of waste of all types (including non-hazardous), generated or handled at plants, to various (approved) customers, was done as per the directives of Central/State Pollution Control Boards

with compliance reports submitted to the authorities.

Our performance

We continuously monitor the waste streams that result from our operations. Most of our residues produced are by-products and reused in our operations, helping us decrease our material intensity. We strive to reduce the total waste generation at our operations. We dispose all our hazardous waste to government approved recyclers and also have a plan in place to reduce our total waste. A total of 882 tonnes of hazardous waste and 8.66 million tonnes of non-hazardous waste was produced across JKTIL during FY 2018-19.



Hazardous wastes	Units	Plant 1		Plant 2		Plant 3		Plant 4	
		2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Used oil	MT	28.5	99.86	21.2	18.6	4.3	4.75	101.44	131.72
Waste oil	MT					124.83	113.08	0	0
ETP sludge	kl				1080	391.125	18.57	27.93	13.80
Oil filters	Nos.						0	--	--
Latex sludge							0	--	--
Total		28.5	99.86	21.2	19.68	520.3	136.4	129.37	145.52



Mango Plantation at Vikrant Tyre Plant, Mysore



Non-hazardous waste	Units	Plant 1		Plant 2		Plant 3		Plant 4	
		2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Metal scrap	MT	4.2	2.40	158.3	321.9	175.2	148.3	147.2	157.56
Plastics	MT	40.7	73.67	68.8	55.7	170.5	89.1	15.4	24.41
Rubber	MT	102.9	98.7	614.8	806.3	995.1	1127.1	368.6	393.67
Paper	MT	0.0	0.0	98.1	132.9	259.4	271.3	315.1	319.33
Solid waste	MT	212.1	206.5		7714.7	569.0	0.0	329.9	404.20
E-Waste	MT	0.0	0.0	2.7	0.0		1.3	0	0.79
Polythene	MT	0.0	0.0		135.0		197.0	255.6	297.71
Total		359.8	305.1	942.7	9166.5	2109.3	1833.9	1431.8	1597.7

The future

JKTIL's waste management strategy shall centre around:

- (a) Adopting the 3R's – reduce, recycle and reuse
- (b) Ensuring the safe disposal of all wastes but not reused or recycled, and
- (c) Monitoring air, water and noise levels to operate beyond mere compliance.

Goals	<ul style="list-style-type: none"> ● To maintain processed waste below 1% across all locations
Action plans	<ul style="list-style-type: none"> ● Initiate waste assessment audits across all locations for inorganic waste, e-waste and solid waste streams ● Adopt the concept of Circular Economy in all the manufacturing locations

Compliance

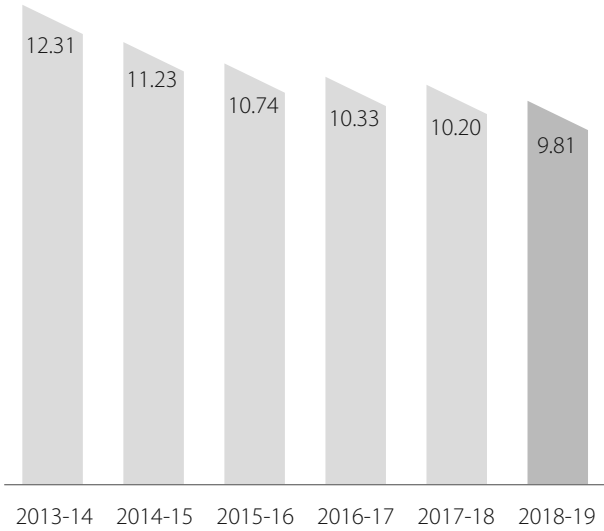
Each manufacturing plant has consents from respective State Pollution Control Boards (PCB) for air, water and solid waste. During FY2018-19, the plants were

compliant with relevant statutory laws in this regard; requisite reports were filed periodically with State PCBs.

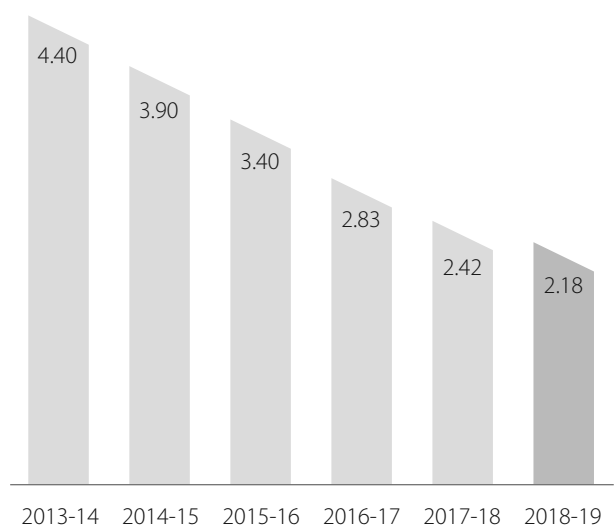
We are proud to state that there were no show cause/legal notices received from the State Pollution Control Boards (PCB) and nothing is pending.

How we strengthened a culture of manufacturing excellence

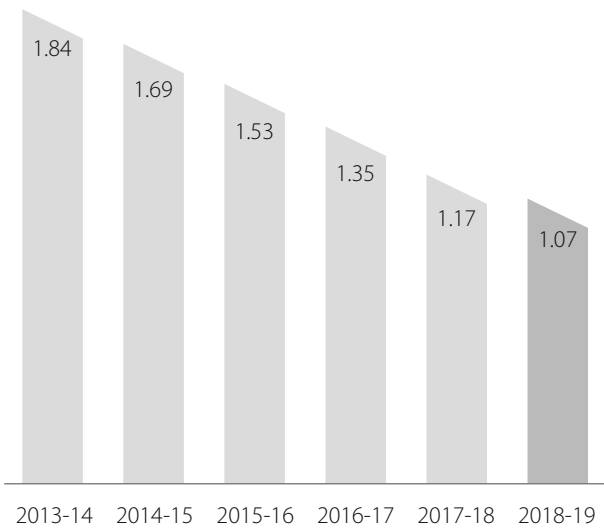
Energy consumption trend (GJ per tonne)



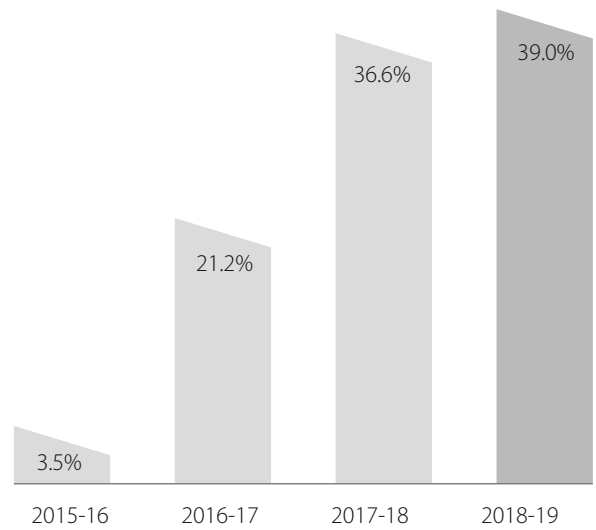
Water consumption trend (kl per tonne)



Emission intensity (Equivalent CO₂ per tonne)



Contribution of renewable power in the total power consumption



Year	FY16	FY17
Process waste (% by weight)	0.82	0.80
	FY18	FY19
	0.73	0.75

Year	FY16	FY17
People productivity (person-days/MT)	10.1	9.4
	FY18	FY19
	9.5	9.0

Year	FY16	FY17	FY18	FY19
Process waste (% by weight)	17	27	36	44



Sustainability is integral to JK Tyre's business processes through a well-defined Health, Safety & Environmental (HSE) Policy. The Company is committed to design, manufacture and distribute products in a manner that protects the environment and prevents injury and ill health in all the activities being carried out under our control.

A safe workplace is a fundamental human right and we are committed to providing this to all our employees, partners and visitors to our manufacturing facilities.

The Company respects human rights of all relevant stakeholders and groups within and beyond the workplace, including communities, consumers and marginalised groups. All the practices and policies of the Company, including engagements with suppliers and contractors, among others, ensure that human rights are honoured and protected. JK TIL maintains a zero tolerance for violators of its code of business conduct. Employees are provided with an online web portal to log in concerns relating to various subjects

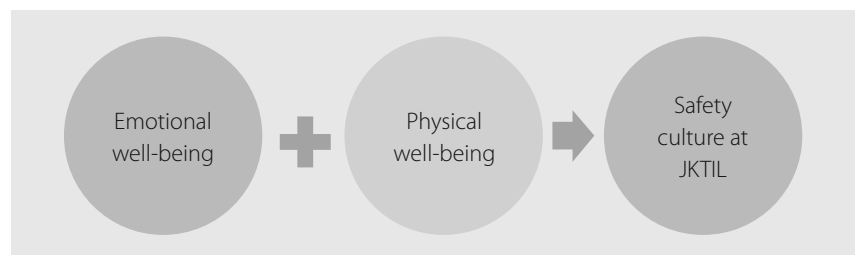
including environment and work place safety .

Safeguarding employees from injury or occupational disease is a major ongoing initiative. We ensure safety and security at the workplace by prescribing policies and procedures, creating awareness and imparting trainings.

Protection of employees from injury or occupational disease is a major objective. Ergonomic-related illnesses and upper respiratory infections are significant for our workforce. We have institutionalised health and safety processes including training for service providers, risk assessments, ergonomic session for employees, health awareness sessions and regular cafeteria food inspections. Women's safety, assistance to persons

with disability, emergency response and preventive health and safety measures also represent the key pillars of our safety culture at all our locations. A safety culture was also strengthened through the implementation of robust processes such as an employee counselling service, prevention of sexual harassment policy and grievance handling mechanisms.

Core EHS teams and safety committees were established at each of the manufacturing locations to drive a compliance with standard procedures, organise awareness programs on health and safety to employees and service providers, participate in periodic risk assessments, safety inspections, incident investigations and hygiene audits.



	Plant 1	Plant 2	Plant 3.1	Plant 3.2	Plant 3.3	Plant 4
Incident rate	0.75	0.43	0.17	0.24	0.00	0.55
LDR	51.55	322.46	25.55	44.40	0.00	11.21



Strengthening our social responsibility

Stakeholder engagement

JK Tyre is committed to enhance societal value and generate wealth for shareholders. The founders of the Company believed it was imperative for peripheral communities and other stakeholders to progress with the

Company. The Company has been engaged in various community development initiatives like organising health camps for the public, providing support to schools, creating better rural and semi-urban infrastructure, conserving

the surrounding environment, among others, to bring enduring change in the lives of people. JK Tyre believes that its CSR agenda is closely linked with its business and processes.

Empowering communities

As a part of its founding principle, JKIL takes measures to empower communities and achieve the integrated development of surrounding communities. The empowerment of communities could play the most significant role in their development. The Company initiated projects for empowering people through an adult literacy program, vocational education, training on income generation,

improved agriculture, livestock development, etc. The key stakeholders of CSR programs were communities in the periphery of the Company's tyre manufacturing units, suppliers, employees, contractors, truckers and transporters. A large chunk of our work was with the community around factory/ plant, as we were committed to bring prosperity in the areas of our operations.

While planning a CSR project or selecting beneficiaries, an emphasis was given to poor and marginal people, vulnerable sections of society, women, elderly and children. Truck drivers comprised the other vulnerable population and we empowered them through awareness generation and training on safe driving, road safety and prevention of HIV/ AIDS, among others.

Approach and methodology

The Company's CSR activities are not what we believe people want but what communities tell us they want. The CSR programmes need to be relevant to people's lives and areas. They need to be conceived at the grassroots. Based on the need of the area and people, CSR interventions were planned with active participation of the local communities. Community engagement is of utmost importance as the sustainability of any CSR initiative may only be ensured through community ownership. The community engagement starts right from project inception and is ensured at different stages of the project like

planning, implementation, monitoring and evaluation before handing over the project to local communities. Further, in place of implementing one-off activities like a health camp or sponsoring a sports event, emphasis was laid on providing sustainable solutions to target communities in project mode.

The need assessment surveys were conducted at all CSR project areas periodically and based on the findings of the survey, CSR projects/ activities were planned. This year, a need assessment survey was conducted in villages proximate to the Laksar Tyre Plant and

based on the findings, CSR projects will be planned for the welfare of local communities in the area. The Company actively engaged with and assisted local communities in identifying, prioritising and meeting their developmental aspirations through periodic needs assessment surveys. Various social research methodologies like participatory rural appraisal, focused group discussion/ group discussion, personal interviews, secondary/ primary data analysis, among others, were used to identify community needs.

Implementation of CSR projects

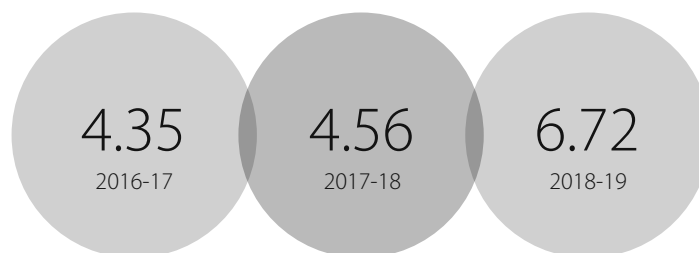
The CSR activities were implemented directly and by competent grassroots NGOs, depending on the nature of activity and required competence. Presently, the activities like adult literacy, reproductive and child health care projects were implemented directly. The Company partnered with competent

NGOs for the implementation of projects on water conservation, livelihood and skill development, among others.

JK Tyre's CSR agenda met requirements of Section 135 & Schedule VII of the Companies Act, 2013 and were in consonance with most of the UN

Sustainable Development Goals. There was a well laid out CSR Policy in the Company and CSR initiatives were planned and implemented under the guidance of a Board-level CSR Committee and senior management.

Annual spend on CSR activities by the Company (₹ crores)



Monitoring and evaluation

For effective implementation and timely improvement in CSR initiatives, it is mandatory to have a robust MIS and feedback mechanism. The monthly, quarterly and annual progress reports were shared with the senior management for their feedback and suggestions. Impact assessment studies were

conducted regularly to know the ground reality, short-term and long-term impacts of social interventions on the lives of people and based on the findings of these studies, further CSR interventions were planned.

JK Tyre's social development initiatives may largely be categorised under education, health, livelihoods and water conservation, wherein emphasis is laid over providing long-term sustainable solutions to marginal and disadvantaged communities more specifically in rural and semi-urban areas.

Social Audit

CSR projects undertaken by the Company at two locations - Kankroli in Rajasthan and Morena in Madhya Pradesh underwent a third party impact assessment study to measure the transformative changes brought about in the lives of the poor and marginalised people by these social projects. Individual

case studies were also recorded by the team to explore how a CSR project was instrumental in increasing their overall income, health seeking behavior, decline in IMR & MMR, conserved water for better agriculture and other significant measurable positive changes. These surveys were effective tools to record and

document the people's voices, assess the effectiveness of projects, shortcomings and ways to improve project outcomes through effective planning, implementation, continuous monitoring and evaluation.

Partnering for reaching the unreached (SDG 17)

JK Tyre believes in partnering development-oriented corporates, NGOs, government agencies and other stakeholders to improve project implementation enhance outreach and create a greater impact. The Company collaborated with reputed NGOs to take

benefit of their grassroots presence, technical competence and rich experience in social project implementation. JK Tyre partnered the government's Swachh Bharat Mission, helped build a large number of individual toilets and transformed many villages into

completely free of open defecation. All stakeholders were encouraged to have regular dialogues with the Company through a structured formal engagement process.

Share of Profit after tax spent on CSR activities (%)





1 | Sustainable Livelihoods

In rural India, agriculture and livestock are the major sources of livelihood. To enhance farm and off-farm incomes of poor and marginal farmers, various agriculture and cattle breed improvement programs were initiated.

Livestock development (SDG 1 & 2)

Under the livestock development program, artificial insemination, fodder development and healthcare services are provided at the farmer's doorstep. During

the last three years of the livestock development programme, 15,027 artificial inseminations were performed, 3,159 hybrid calves were born and more than

20,000 cattle were provided various health care services like vaccination, de-worming, de-ticking and fertility treatment, etc.

Agricultural improvement (SDG 1 & 2)

The need of the hour to make agriculture more inclusive, technically advanced and sustainable. Efforts were made to train

farmers, more specifically women farmers, about modern agricultural practices like access to the latest technologies,

high-yielding variety/ seeds, optimum fertiliser and pesticides use for increasing agricultural production.

Skill development (SDG 1 & 2)

Location-specific and market-oriented training on LMV driving, mobile repairing, motor winding, beautician, tailoring, etc were imparted to around 540

unemployed youths to enhance their entrepreneurial and employability skills. Many participants were employed after skill development training, while few

trainees initiated enterprises, generating employment for other unemployed youth.

Dairying for a better livelihood

Rajaram Sharma is a landless farmer of Veerampura village, Morena, Madhya Pradesh, and earns his livelihood from 1-2 acres leased agriculture land and daily wages. It was difficult to fetch two square meal for the five-member family from his meagre income. Rajaram had only one local or *desi* cow that was not yielding milk due to infertility issues.

Under a livestock development programme, JK Tyre runs six Integrated Livestock Development Centres (ILDC), providing artificial insemination and health care services for dairy animals in and around 50 villages of Morena, Madhya Pradesh. The project team provided fertility treatment to Rajaram's cow and also provided artificial insemination. The mother cow yielded around 4 litres of milk per day, while the F1 hybrid calf of the same cow yielded 17 litres milk per day. Dairying is now a profitable venture for Rajaram, wherein he gets around ₹15,000 per month from sale of milk alone in addition to income from daily wages and agriculture.

Skilling for income generation

Kamla Kanwar, a 35 year old widow, lives with her children in Bagundra village of Kankroli. After the sudden death of her husband, she had to bear the responsibilities of her family. Since Kamla had a small piece of agricultural land it was getting increasingly difficult to sustain her family with such a meagre income.

JK Tyre runs many livelihood enhancement projects and under that she became member of a self-help group. Kamla also attended a skill development training on patch work (tailoring). Today, Kamla is trained in patch-work and has started taking patch work orders. Her dream of building a future took wings under the CSR initiative of JK Tyre & Industries Limited. She is now a financially independent woman taking care of her family.



2 | Health care & sanitation

Health and sanitation is one of the priorities at JK Tyre. The Company helped build toilets in >60 villages and conducted various health camps throughout the country

Building toilets to ensure sanitation for all (SDG 3, 5, 6 & 10)

Open defecation remains a persistent problem across the length and breadth of country. JK Tyre partnered in the Government's ambitious 'Swachh Bharat Mission' and helped build 3,847 toilets

during the last three years. This intervention paved the way for transforming more than 60 villages into open defecation-free. It also ensured that these toilets are being used and

maintained. Communities have been made aware of the consequences of open defecation through meetings, rallies, walks of shame, posters and banners, etc.

Prevention of HIV/ AIDS (SDG 3 & 10)

JK Tyre is actively engaged in the prevention of the HIV/ AIDS epidemic. There are six health clinics operational at high risk HIV/ AIDS locations with the help of partner NGOs. The project benefited more than 15,000 patients during FY 2018-19, while more than 2.5 lakh people

of the transporter fraternity were benefited since the beginning of this project. JK Tyre supported network of people living with HIV/ AIDS (PLHIV) in Rajsamand, Rajasthan, helping PLHIV to get emotional support, guidance, medicines and nutritional supplements

for HIV positive children. The PLHIV network enrolled 1159 PLHIV in Rajsamand and a large number of PLHIV were linked with various government social schemes like Antyodaya, Palanhar, etc.

Reproductive and child health care (SDG 3, 5 & 10)

The reproductive and child health care project – 'Parivartan' initiated in tribal-dominated Rajsamand district of Rajasthan in 2004 brought about a significant reduction in IMR and MMR prevalent in the area and inculcated

health-seeking behavior among marginal and disadvantaged communities. Initially, the project was implemented in Kankroli tehsil while, the project is being implemented in the Kumbhalgarh tehsil of Rajsamand district, comprising around

40% ST and SC population. During the reporting year, more than 8,000 patients were provided medical support and free medicines.

PSRI Hospital & Research Institute (SDG 3)

PSRI Hospital & Research Institute, New Delhi, is a not-for-profit super specialty hospital promoted by the JK group for the well-being of the common public. The hospital was established in 1996 as South

East Asia's first and India's foremost institute, providing advanced and comprehensive medical and surgical treatment for digestion-related diseases. Since inception, a number of other

specialties were added and presently is a multi-specialty institute. From the last two decades, more than a lakh patients avail affordable and best-in-class health care services at hospital each year.



Parivartan Project by JK Tyre



Highlights of the sanitation project

The major impacts of the sanitation projects have been mentioned below:

- A total of 3,847 toilets were constructed, benefiting more than 20,000 people directly
- More than 60 villages were declared open defecation-free through the efforts of JK Tyre

A third party impact assessment report emphasised that:

- More than 90% people are using toilets regularly
- The local community has become more receptive to the sanitation campaign and sensitised about the ill-effects of open defecation
- The local mindset changed and people embraced hygienic practices
- There was a considerable reduction in the medical expenses of target communities
- Lives of women, old and small children became easy and safe
- Shri Shivnandan Singh, Sarpanch Noorabad, Morena, Madhya Pradesh, enthusiastically mentioned that the project was instrumental in generating awareness among local masses, ensuring quality construction, regular use and transforming the village and its surrounding environment

Major achievements of Project Parivartan

- There were no maternal mortality incidence during child birth in the last three years by ensuring close to 100% institutional deliveries, follow up on ANCs, capacity building of local health workers and sensitisation of local communities
- There was a significant reduction in Infant mortality in the project villages
- There was an increased awareness about appropriate RCH practices, contraceptive usage and institutional delivery
- The project empowered women to take informed decisions with regard to family planning, maternal health, safe delivery and child care



3 | Education

JK Tyre places a great emphasis on the importance of education and through its adult literacy programme. It has been able to change the lives of >50,000 rural women

Adult literacy (SDG 4, 5 & 10)

The Adult Literacy Program, running since 2004 at all manufacturing locations of JK Tyre, has transformed the lives of more than 50,000 rural illiterate women. These women are now functionally literate, read and write with ease, achieve basic calculations, help children in their studies and started income generation activities.

The Adult literacy program at Central Prison, Mysore, is a unique initiative that helped more than 5,500 prison inmates become functionally literate.

A third party impact assessment of adult literacy program has revealed that the project was successful. In addition to

educating illiterate rural women, the project was instrumental in improving women's position in society, education of their children, entrepreneurship development, increased household incomes and improvement in the quality of life of these neo-literates.

Adoption of Government 'ITIs (SDG 1, 4 & 10)

JK Tyre adopted three government ITIs under the public-private-partnership model to impart job-oriented quality vocational education for the benefit of more than 500 local students each year. This engagement resulted in enhancing the reputation of the adopted ITIs,

wherein campus interviews were conducted by reputed corporates providing almost hundred percent employment to these students.

Many schools were also supported to generate improvements in pedagogy,

learning outcomes, digital learning and infrastructure. The remedial classes were run for weaker students after school, so they could catch up with other students and be mainstreamed.

Driver's trainings on tyre care and maintenance (SDG 4 & 11)

The tyre is the only physical contact that a vehicle has with the road surface. While driving, tyres should be in their most optimum condition. Poorly inflated tyres wear quickly and affect the overall performance of the vehicle, including braking distance, handling, fuel consumption and safety. Overloading also

increases tyre wear and fuel consumption, adversely affecting vehicle handling and stability.

JK Tyre regularly conducts awareness campaigns and trainings programs on tyre care and maintenance to reduce accidents caused by faulty tyres and road

safety. Our 'Back to School' campaign categorically targets School Bus drivers wherein bus drivers are trained in proper tyre care and responsible driving, ensuring safety for students, road users, etc, greater tyre life and better mileage.

Road safety (SDG 4 & 11)

To generate road safety awareness, key stakeholders were identified and road safety trainings provided to truckers, drivers, school children and the general

public. The road safety awareness programs were implemented in collaboration with the local traffic police and other stakeholders. Over the years, a

large number of people were trained on various aspects of safe driving and road safety.



4 | Water conservation

Water is critical to our business and a priority at JK Tyre. We work closely with the community and other stakeholders in the area of water resource management.

Water conservation (SDG 13 & 15)

JK Tyre achieved the distinction of being one of the lowest water consuming companies, establishing new benchmarks in water consumption in the global tyre industry. Taking a few steps ahead, the Company initiated various water conservation initiatives in villages near its

manufacturing locations to enable local communities in becoming water-sufficient. Some 28 community water tanks, 10 check dams and 38 farm ponds were developed to harvest water for irrigating agriculture fields, ground water recharge and drinking water for animals,

among others. Other water conservation activities like farm bunding, bore well recharge, soak pits, etc, were also implemented to conserve water and benefit more than 10,000 people.

Clean drinking water project at Kankroli, Rajasthan (SDG 3, 5, 6 & 10)

A clean drinking water project was implemented in 13 *bastis*/ hamlets in Kankroli, Rajasthan, located far from the main village. These villages were not covered under the village water supply scheme. The inhabitants, predominantly women of these *bastis*, faced drudgery and wastage of their precious time in the collection of drinking water from far.

To address this issue, JK Tyre, with the help of NGO- Seva Mandir, has come up with an innovative solution to ensure clean drinking water in hilly and remote rural settlements. Following interventions were taken up to ensure clean drinking water availability:

- 13 community water tanks were built of 4,000- 10,000 liters capacity
- 13 perennial sources of water (well/ bore well) were created/ renovated
- O&M of water supply - for proper operation and maintenance (O&M) of the drinking water supply, water user committees were formed, water-user fee was imposed, responsibility of tank filling was delegated and the rules and regulations of O&M of the water supply were mutually accepted by committee members.
- Defunct hand pumps were repaired to ensure clean drinking water availability to local communities.

Major achievements

- More than 3000 people were provided sustainable drinking water solutions.
- There was significant reduction in health expenditure in project villages.
- Women are devoting more time towards children's education, family and productive activities
- Gram Vikas Committee in each village was formed to operate and sustain the drinking water facility.

- **Partnering with the Mukhyamantri Jal Swavlamban Abhiyan of Government of Rajasthan**

- Nine water tanks were desilted under the Jal Swavlamban Abhiyan of the Government of Rajasthan, conserving 38,000 kl water, bringing a large acreage under irrigation and benefiting around 2000 people across six villages
- 10 check dams/ anicuts were constructed, conserving 16,000 kl water and benefiting more than 2500 people

- **Partnered NABARD for Watershed Development project in Mysuru, Karnataka**

Progress of clean drinking water project

S. No	Year	Village	Tank capacity (litres)	Borewell/ well	People benefited
1	2018-19	Bhana Kalimagri	5000	1	150
2		Kishanpura	5000	1	144
3		Devdo Ka Kheda	8000	1	300
4		Bagundada	12000	1	480
5	2017-18	Bhana Kali Magri	5000	1	125
6		Kishanpura	5000	1	125
7		Bagundada	12000	1	400
8		Devdon ka Kheda	8000	1	250
9	2016-17	Nat Balai Mundol	5000	1	200
10		Bhil Basti Mundol	5000	1	170
11		Dhayla	5000	1	185
12		Khatamla	8000	1	325
13		Vasol	5000	1	200
	Total	13 basti/ hamlets	88000 litres	13	3054

Progress of adult literacy initiative by JK Tyre

Year	No of women becoming literate
2004-05	43
2005-06	115
2006-07	817
2007-08	919
2008-09	1564
2009-10	2748
2010-11	3704
2011-12	4623
2012-13	5403
2013-14	6209
2014-15	6827
2015-16	7565
2016-17	6251
2017-18	3895
2018-19	1737
Total	52420

Employee volunteering (SDG 8 & 17)

The culture of helping society is deeply embedded in JK Tyre employees. The employees are encouraged to volunteer in the Company's community development initiatives. They took adult

literacy classes, shared their technical expertise with ITI students, sponsored studies of poor students and devoted time during various CSR events. Some 1710 employees donated blood on the

birth anniversary (20th June, 2018) of the former chairman, the Late Shri Hari Shankar Singhania.

Awards and recognition

- JK Tyre was awarded at National Water Awards for Excellence in Water Management 2018 by Confederation of Indian Industries (CII) as 'Noteworthy Project in Water Management' under the 'Beyond the fence' category.

- JK Tyre was awarded at UCCI Excellence Award 2019 for outstanding achievement in the Corporate Social Responsibility category.

- 7th ACEF Asian Award for Excellence in CSR, 2018, was conferred to JK Tyre for sustainable community development.

Progress of livestock development initiatives

Year	Artificial inseminations done	Calves born
2015-16	1039	0
2016-17	3085	380
2017-18	4454	820
2018-19	6345	1889
Total	14923	3089

Sanitation (construction of individual toilets)

Year	Toilets constructed
2016-17	1371
2017-18	1776
2018-19	700
Total	3847



Strengthening our human capital

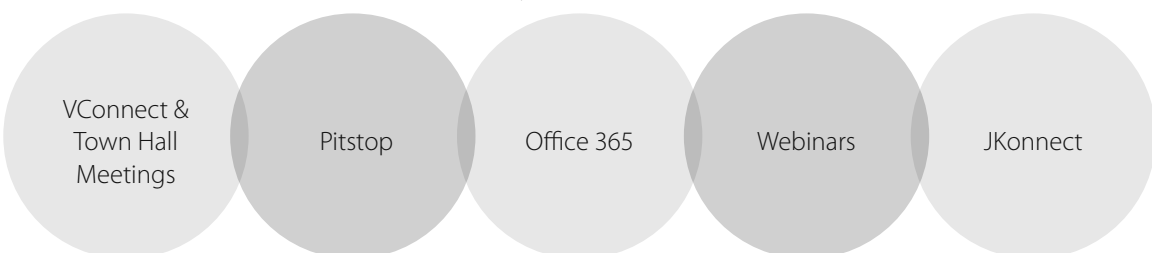
In a world marked by increasing quality standards and competition, the principal differentiator between companies comes down to just one reason: people.

Companies with superior knowledge outperform across market cycles, report stronger margins, generate larger cash flows and create sustainable business.

Over the years, the Company invested in people competencies, training, empowerment in decision making, team working, knowledge sharing, and succession planning and transparent communication.

Galaxy of digital communication platforms

The best-in-class communication channels exercised at JK Tyre comprised:

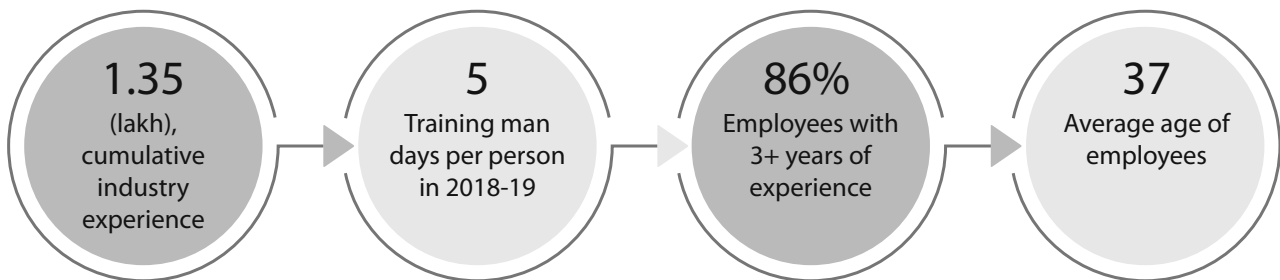




Our people processes and initiatives are aligned in such a way that they directly and strategically support the business and help create a sustainable and inclusive work culture within the organisation. We have accorded human resource management the highest priority, evolving it from a business support function into the core of the

Company's competitive strategy. We recruit young and enthusiastic talents, 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.

JK Tyre has successfully completed assessment by Great Place to Work® Institute, India and is certified for FY 2019-2020. This is a mark of trust, pride and camaraderie we enjoy at our workplace and also benchmarks our people practices with the outside world.



Diversity and inclusion

At JK Tyre, diversity is understanding, accepting and valuing differences between people including:

- Different races, ethnicities, genders, ages, religions, disabilities and sexual orientations
- People with differences in education, personalities, skill sets, experiences, and knowledge

JK Tyre is a diverse organisation having multi-location manufacturing facilities in India, exporting to more than 100 countries across the globe. Three generations from different cultures, traditions, social economic backgrounds are working together to achieve a common goal.

Diversity is perceived differently in JK Tyre by different generations. Gen- Y (frontline), and millennials (middle

management) view diversity as the combination of different backgrounds, experiences and perspectives. They believe taking advantage of these differences leading to innovation.

Gen- Xers (top management) and Boomers (senior management), on the other hand, view diversity as equal and fair representation regardless of demographics without necessarily considering diversity's relationship with business results.

JK Tyre has long realised that diversity means good business: that embracing a multiplicity of viewpoints and cultures drives innovation, improves decision-making, increases employee productivity and retention and leads to better-served customers.

On the other hand, inclusion is a collaborative, supportive and respectful environment that increases the participation of all employees of Team JK Tyre.

Diversity and inclusion are an integral part of JK Tyre's business strategies and practices to support a diverse workplace and leverage the effects of diversity to achieve a competitive business advantage.

We consistently benefit from the experience and diversity of our key personnel and employees, many of whom possess and extensive industry expertise. As of March 31, 2019, we had 11 doctorates, 32 scientists and 472 business administration and 953 engineering professionals engaged in our operations.



JK Tyre considers employees as its most vital asset. The HR plays role of a business partner in enabling business excellence in today's competitive environment through engagement and development of its associates. We believe that the high levels of engagement, passion for excellence coupled with sharp skills have empowered the Company to report sustained growth.

The challenge for the Indian economy in general and the tyre sector in particular was a need to enhance employee engagement with the Company, resulting in high productivity. There was a perceived need to enhance training and knowledge sharing across management functions and tiers. We were required to match the right talent with the right position at the right time to enhance fitment.

Some of our employee engagement programs for customer and employees comprised:

"Customer Connect: Higher further together" program was organised at our plants and R&D center for channel partners and distributors. This unique platform acts as a bridge for product

knowledge sharing and understanding each other's expectations and improving interpersonal skills between customers and employees. This also enhances a sense of pride and improves customer and market understanding.

To inspire employees and connect them to success stories and role models of JKTYRE values 'Manthan : The values' program was organised for Business Unit heads along with their strategic HR team officers as value champions were identified across units along with the location's senior management and HR leaders.

UDAAN, Celebrating Employee

Innovation: An organisation-level annual inter business competition was organised every year with the objective to:

- o Unleash creativity and innovation, foster cross-functional teamworking for engaging young talent
- o Teams brainstormed and generated new innovative ideas on the given theme

Cross-functional collaboration: We followed practices to promote and encourage a culture of mutual support and team spirit within the organisation through cross-functional collaboration

and mutual respect. Cross-functional teams, consisting of people from different functions worked as a team to identify and implement various projects and achieve business goals.

These CFTs were engaged in 'Breakthrough and High Impact projects', TPM Circles, Suggestion Scheme, Competitions (Slogan, posters, essays). CFTs were suitably recognised and at the group level by the honourable Directors/ Chairman and by Unit Head / HOD's at the unit level.

Ideas for Game Changing Innovation: JK Tyre always been at the forefront of innovation. Some of the innovative ideas such as Reducing Rolling Resistance and Selling Milles etc. were implemented, which came through various employees' innovation schemes. We embarked on a new journey to disrupt industry practices and help us get ahead of competition. We launched 'Idea(s) for Game Changing Innovation', a platform open for all employees, promoted in the plants and shared with the Head office and field employees through our various communication channels i.e. Intranet – "PITSTOP".

Family events: At JK Tyre, we work together, we celebrate together and we grow together. To add dynamism in the work environment, we celebrate major festivals and events together with employees and many a time with their families.



JK Tyre Premier League for employees



Productivity and growth

Increased industry competition has translated into a significant need to retain intellectual capital, enhance productivity and proactively adapt to a changing business environment. We recruit fresh talent as well as experienced individuals, blending dynamism with knowledge and experience. We motivate our people to inculcate an entrepreneurial spirit and think beyond the usual.

The Company reported a record performance in a challenging economic

and sectoral environment. This outperformance was marked by a number of achievements. We have emerged as a 'Great Place to Work' and were ranked in the top 100 companies, retained more than 95% senior management and 91% employees on the overall, validating our positioning as a preferred employer. The Company concluded three wage agreements without a single day's production loss.

Over the years, our Company has demonstrated a commitment towards leadership and individual development, manifested in an ongoing culture of training and skills replenishment. The Company adopted meticulous learning and development programmes for employees across all levels in line with JK Organisation's Competency Framework. The Company invested deeper in digitalisation with objective to enhance productivity.

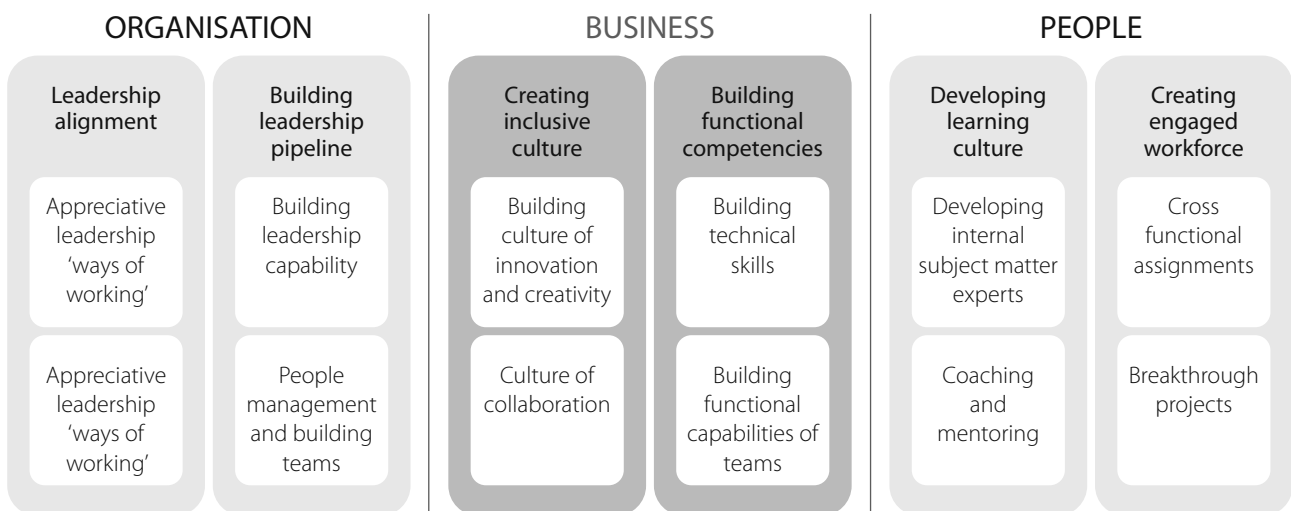
People development

At JK Tyre, we are proud to have instituted "A Culture of Learning", a culture that begins from the first day a recruit walks through our door.

JK Tyre learning and development strategies aim to develop workforce capabilities, skills and competencies to create a sustainable, successful

organisation, an important part of our organisation's overall business Vision, Strategy and Goals.

Three Pillars of JK Tyre learning and development strategy and framework



The Company has put in place meticulous learning and development programmes for employees at all levels in-line with Business, Learning & Development Strategy and JKO Competency Framework. These included on-the-job, competence-based functional and behavioural training interventions, coaching and mentoring interventions. These initiatives ensured robust succession planning and minimised the effects of talent attrition. There was an extensive focus on upgrading operative staff skills through various functional skills, safety and behaviour based training initiatives such as fire & behavioural-based safety, Kaizen, 5S, preventive maintenance and series of motivational programs.

MENTORING

There is a popular saying that 'Mentoring is a path for mutual learning and progressive execution as successful people never reach their journey alone'.

To foster the culture of mentoring, JK Tyre launched JK Tyre 'Youngage Konnect': Mentoring for Development, a six month structured intervention for new recruit 'Graduate Engineer Trainees'.

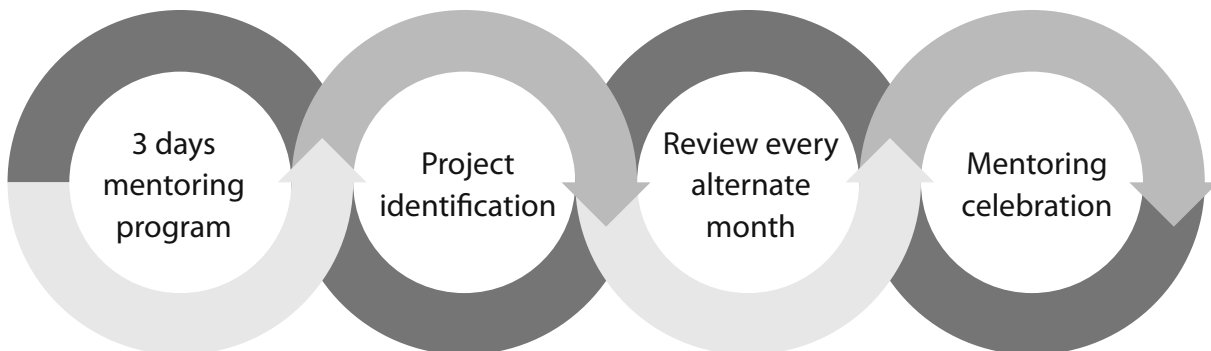
Objective: To understand organisation's dynamics and culture to enhance performance and interpersonal skills

Mentee: GET's

Mentors: Talent/Leaders identified as per pre-defined eligibility criteria

Program duration: Six Months

IV Stage process



Future-focused Interventions

We regularly assess and train our employees in specific skillsets to ensure that they are uniquely positioned to adapt to the evolving needs of our business and customers. These include competency-based evaluations and

training activities for key personnel. We focus on up-skilling members of our operational staff through various safety and behavioral training activities such as fire safety drills, Kaizen and 5S methodologies, preventive maintenance

and motivational programmes. Initiatives, coaching and mentoring interventions facilitate robust succession planning and minimise the disadvantages of talent attrition.

Competency and communication

An engaged workforce produces better business results and is an ambassador of the organisation at all points of time. This engagement is achieved when people respect their work, when their work contributes to organisational goals, and when their personal aspirations relating

to career growth and rewards are met. We undertake a series of measures to engage and motivate our workers.

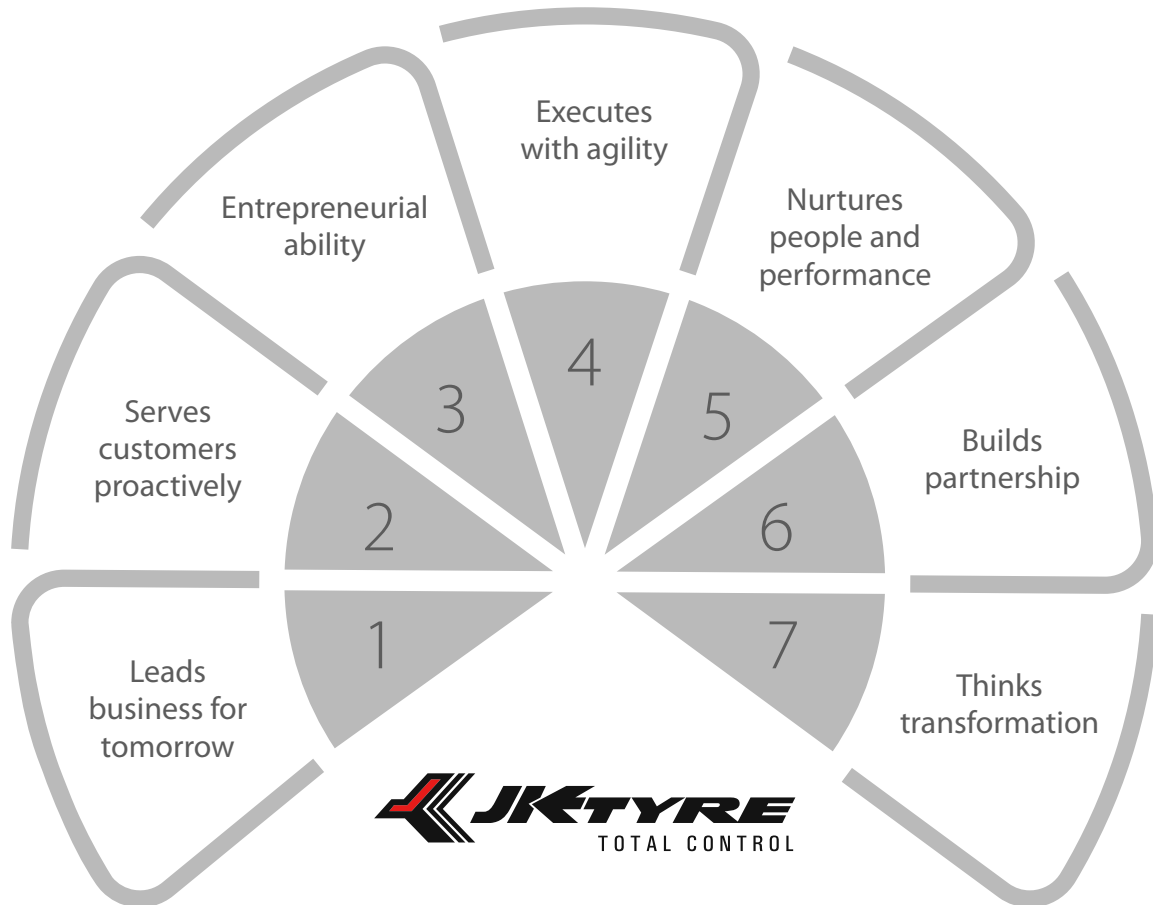
We believe that transparent communication is the most effective way of augmenting resource participation levels along with their competencies.

Some examples of our cross-organisational communication platforms include webinars, monthly live webcasts (vConnect), Skype for Business, internal social networking medium and informal interactive session.

“Ready to Lead”- The Future, A robust “Talent Management Process”: Leadership development is a key agenda in overall learning culture of the Organisation for achieving competitive advantage both the ways organically and inorganically.

To achieve this goal, JK Organization (Eastern Group Companies) engaged Aon Hewitt to re-design the Company’s competency framework and re-align the framework with each role at every level. Through association with Aon 7 Competencies framework with 4

Proficiency levels was developed, relevant to Business and Individual and assessment process started from Directors to lowest management cadre staff in phased manner. This strengthened leadership capabilities and developed a strong leadership pipeline.

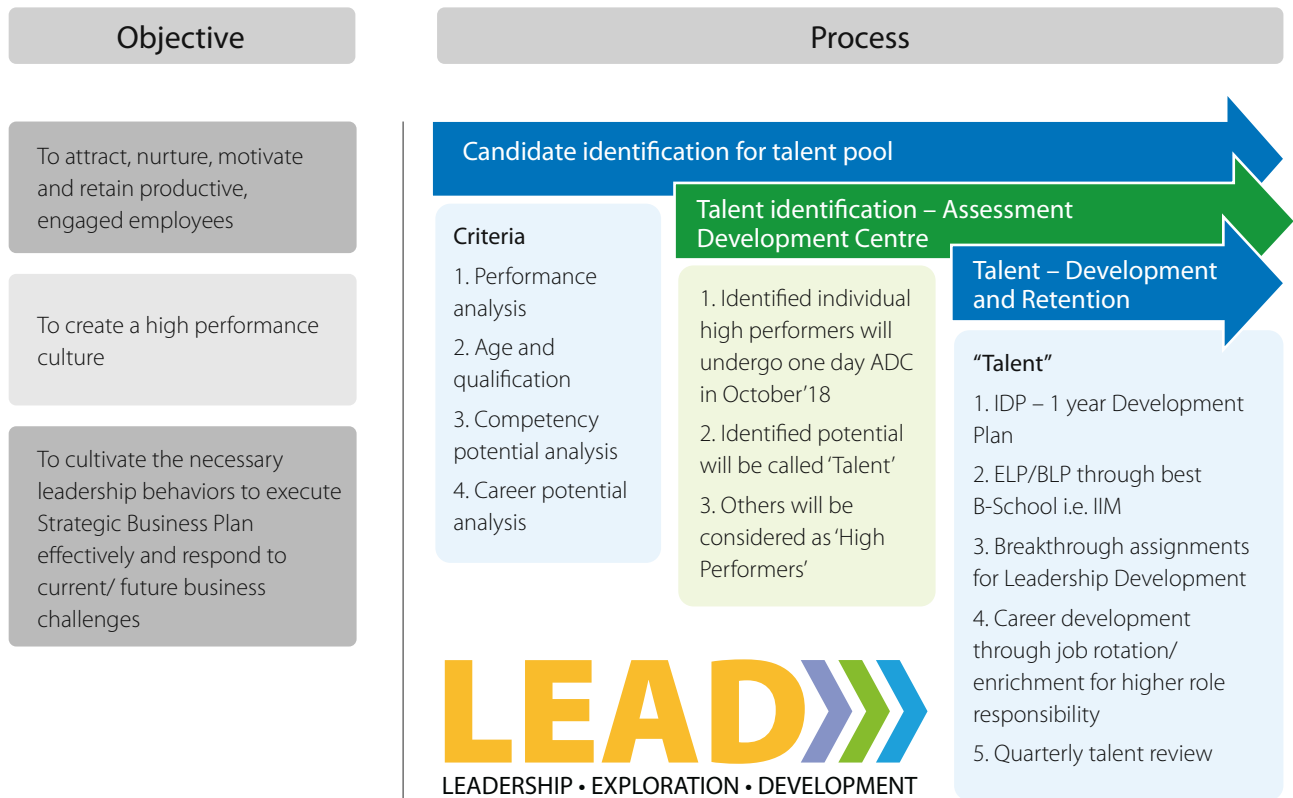


“BUILDING LEADERSHIP CAPABILITY”- Grooming future leaders for business growth:

			
<p>‘LEAD’</p> <ul style="list-style-type: none"> – Leadership exploration and development • 10% identified talent 	<p>Initiative drawn from ‘THE DIFFERENTIATED WORKFORCE’ by Brian E Becker, Mark A Huselid and Richard W Beatty</p> <ul style="list-style-type: none"> • 8 strategic capabilities • 31 strategic positions • 219 people holding strategic positions • HR architecture • Better than the best 	<p>‘LIFE - EXECUTIVE COACHING’:</p> <ul style="list-style-type: none"> – 360 degree executive coaching by Hewitt/ Human Synergistic for leadership positions 	<p>‘KRISHNA-ARJUN INITIATIVE’</p> <ul style="list-style-type: none"> – A live example of Reverse Monitoring. A unique initiative for Identified High Performers “(IHPs)” – 90 pairs

Nurturing talent through "LEAD" - Leadership Exploration and Development

This process takes place in business every alternate year with the objective to identify potential and nurture Talent.



Process:

- Identification of high performers based on Performance, JKO Competency and 5 scale Career Potential Analysis Tool.
- Identified high performers undergo a one-day Assessment Development Centre by SH and their renowned assessors from the industry. Through

feedback reports, assessors facilitate IHPs to understand their strengths and areas of improvements assessed through various psychometric assessment tools.

- Based on the assessment report , potential rating - A & B performers considered as talent of the business and C1 & C2 are named as IHP are identified as High Performers .

- Based on the assessment reports and with the consent and mutual discussion with Arjuna (IHP/Talent) and their Krishna (Mentors and Immediate manager) the 5 phase one year 'Individual Development Plan' is formalised for Talent / IHP focused development intervention.

Attrition

Attrition can be defined as the number of employees leaving the organisation, which includes voluntary and involuntary separation. Attrition rates vary from sector and industry to industry. Currently, JK Tyre & Industries is also facing the heat, the impact caused by direct and indirect reasons. The HR team and management is working with a collaborative approach to curtail it. We understand the cause may vary from individual to individual but few factors for attrition are remuneration, lack of career mobility and challenges, job role / job fit, supervisor behavior, work-life

balance/ stress, working environment, role clarity and more.

The key challenge lies in that JK Tyre needs to have retention strategies and prevent valuable employees from leaving. How to retain valuable employees is one of the biggest challenges in today's agile working environment. Employees need to be retained because good, faithful, trained and hardworking employees are required to run the business. They have acquired good product knowledge over the long run and a trained employee can

handle customers better and solve problems new to the organisation.

So when we are aware of the facts leading to attrition of an employee we can take a few measures to retain them: Provide good working conditions, introduce a positive work culture, appreciate all the good work and proper mentoring, minimise miscommunication between the top management and employees, enhance a work-life balance, train and develop with respect to proper career planning, work ownership and accountabilities, handing job descriptions

for role clarity, feedback mechanism, transparency in performance management, simple policies and procedures, basic hygiene, proper span of control, digitalisation, automation and e-learning etc.

Attrition is an ongoing phenomenon and has to be dealt with psychologically. We

cannot ignore the same because people are needed to accomplish tasks, even as people are more than just tasks they perform. They are dreams, hopes, ambitions, creativity and innovation. To recognise and cultivate these valuable assets is one of the surest ways to build an organisation that leads rather than follows in a competitive world.

“Always treat your employees exactly as you want them to treat your best customers.”

Stephen R. Covey

Retention strategy

Retention strategies are centered on the following.

<p>Develop a list of MCS to be retained</p>	<p>Develop a list of identified high performing MCS critical to business success in strategic positions to be definitely retained (20 % to 30 % of MCS)</p> <ul style="list-style-type: none"> • Top 10 % of MCS to have a CTC equal to market / competition. • Next 20% of MCS to have CTC 80 to 85% of market / competition • 3 to 5 times normal increments for top performers
<p>Career growth</p>	<ol style="list-style-type: none"> a. Career planning: Assess career aspirations and develop and communicate clear career growth plan, promote from within, with 60 to 70% readiness, rather than recruit from outside. b. Job rotation: The career plan should include opportunities for development through job rotation. c. Challenging assignments beyond expectation: Bet on identified MCS to shoulder business challenges. Support them during failures and setbacks without criticism or blame and guide them to succeed.
<p>Socialisation</p>	<p>Indians are emotionally attached to families. Involve families and invest more time on socialisation. Fun at the work place improves a sense of belongingness and commitment. It is worthwhile to mention that spouses and children exert a great influence in retention.</p> <ul style="list-style-type: none"> • Get together / picnics / sports involving families • Lunch / dinner socialisation
<p>Involvement in major decisions</p>	<p>Involve identified talented people in important discussions on strategic business issues and meetings (e.g. SBP, Young Leaders Forum etc.).</p>
<p>Opportunity to represent the organisation</p>	<p>Nominate identified talent on recruitment panels and encourage them to represent the Company in external professional seminars, business schools and engineering colleges etc. throughout the year and also during campus recruitments. It has been found that when they speak as advocates of the organisation in public they are less likely to leave.</p>
<p>Internal job postings</p>	<p>Job posting on Intranet for DGMs and below level vacancies to be initiated in a transparent way. This will enable identified talent to explore opportunities of growth within the JK Group and open more opportunities for growth</p>
<p>Retention as a KRA</p>	<p>All GMs and above levels have a clear target of retaining identified MCS</p>

Manpower report

Manpower Report is the mirror of the Company. It provides current status of individuals who are on the roll of the Company. It also reflects the total strength of the Company, which includes management cadre staff, staff and sub staff, permanent workmen and *badli* workers.

Manpower report helps in:

- Accurate estimates of manpower requirements
- Inventorying employees
- Helpful in recruitment and selection process
- Achieving and maintaining production levels

- Taking business decisions

The HR Head of each respective location provides a monthly on-roll status of manpower, attrition, and contractual deployment. It is compiled in a single report and presented to the senior management.

JKTIL employee details

S. No.	Location	Full Time Employees			Total	Casual basis/ Contractual/ Temporary		Grand total	No. of unionised workers	% of unionised workforce
		Workmen	Staff and sub staff	MCS (including MCS trainees)		Badli	Contractual			
1	Plant 1	877	20	191	1088	596	723	2407	897	82.4
2	Plant 2	970	60	198	1228	333	579	2140	1080	83.9
3	Plant 3	1475	23	395	1893	611	1308	3812	1498	79.1
4	Plant 4	1095		263	1358		813	2171	1095	80.6
5	PDC			86	86			86	0	0
6	HO & Sales		26	920	946			946	26	2.7
7	Total	4417	129	2053	6599	1540	3423	11562	4545	69

S. No.	Location	Category		Employees			Total
		Workmen	Staff & Sub-staff	MCS/(including Trainees)			
1	Plant 1	On Roll	Nos.	877	20	191	1088
		Gender	Male	877	19	191	1087
			Female		1		1
2	Plant 2	On Roll	Nos.	970	60	198	1228
		Gender	Male	970	60	198	1228
			Female				0
3	Plant 3	On Roll	Nos.	1475	23	395	1893
		Gender	Male	1470	17	389	1876
			Female	5	6	6	17
4	Plant 4	On Roll	Nos.	1095		263	1358
		Gender	Male	1095		261	1356
			Female			2	2
5	PDC	On Roll	Nos.			86	86
		Gender	Male			81	81
			Female			5	5
6	HO & Sales	On Roll	Nos.		26	920	946
		Gender	Male		26	903	929
			Female			17	17
7	Total	On Roll	Nos.	4417	129	2053	6599
		Gender	Male	4412	122	2023	6557
			Female	5	7	30	42

Sr.	Category	Plant 1	Plant 2	Plant 3	Plant 4	Location	Location
	MCS+ STAFF	Kankroli Rajasthan	Banmore MP	VTP Mysore	CTP Chennai	PDC Mysore	HO & sales, N Delhi
1	Age-below-35	72	199	323	192	69	442
2	Age-between 35-50	45	95	209	50	22	255
3	Age-between-50-60	90	80	69	18	6	249
		207	374	601	260	97	946
Sr.	Category	Plant 1	Plant 2	Plant 3	Plant 4	Location	Location
	Workman/OMCS	Kankroli Rajasthan	Banmore MP	VTP Mysore	CTP Chennai	PDC Mysore	HO & sales, N Delhi
1	Age-below-35	0	7	202	1042	0	0
2	Age-between 35-50	294	502	361	0	0	0
3	Age-between-50-60	582	153	729	0	0	0
		876	662	1292	1042	0	0
Sr.	Category	Plant 1	Plant 2	Plant 3	Plant 4	Location	Location
	Total	Kankroli Rajasthan	Banmore MP	VTP Mysore	CTP Chennai	PDC Mysore	HO & sales, N Delhi
1	Age-below-35	72	206	525	1234	69	442
2	Age-between 35-50	339	597	570	50	22	255
3	Age-between-50-60	672	233	798	18	6	249
		1083	1036	1893	1302	97	946

Age-wise details of employees (HO & FIELD SALES)

S. No.	Location	No of employees (age group wise)			% of unionised workforce
		<35 years	35-45 years	>45 years	
1	Total	442	255	249	946

Service period wise (in JK Tyre) details of employees (HO & FIELD SALES)

S. No.	Location	No of employees (age group wise)			% of unionised workforce
		<35 years	35-45 years	>45 years	
1	Total	485	279	182	946

Employee attrition rate 2018-19

Head count	Category	Location	HO & FIELD SALES	
		Category	Executive	Workmen
Employee turnover	Age group	< 30 Years	128	
		30-50	49	
		> 50 Years	9	
	Total		186	
	Gender	Male	185	
		Female	1	
		Total	186	



Inventory management

At JK Tyre, we believe in the global sourcing of raw material, considering product performance, supplier's efficiency, production capacity, effective customer handling and long-term partnerships.

Major supplies are taken directly from manufacturers. We have a robust material evaluation, supplier performance evaluation system. The same has matured over the years building on to the latest quality and sustainability needs, which are made a part of our process. Greater care is taken in supplier selection and allocation of the product to supplier, considering the vendor's proximity to the consuming location.

We have been able to develop a large number of domestic purchasers and worked with them in a collaborative manner to bring them at par with world standards. This continuous benchmarking and feedback to suppliers have helped them build a matured product for Indian industry.

Vendors are continuously encouraged to adopt state-of-the-art technologies, superior environment and safety management practices. We also share the various sustainability efforts made by JK as a benchmark for them to develop superior practices and develop them with an entrepreneurship spirit, resulting in reduced cost and lower fuel dependencies. Several vendors have

worked towards a clean supply chain initiative to achieve this goal.

Structured meetings have been periodically held between the sourcing and the supplier organisations where all relevant aspects are shared and joint action plans initiated. This includes engagements with our senior management team. During these engagements, relevant information has covered key aspects of the supplier's technical capability, process efficiency, their product benchmarking, their performance and areas of improvement. Besides, exchange of thoughts also happen at various levels through corporate affairs such as industrial fairs and seminars. Over the years, such engagements have resulted in various joint development projects leading to product improvement.

Besides, periodic technology needs are also organised with key strategic suppliers, which help identify the core growth areas of future and joint action plans. This collaborative approach, with the help of joint CFTs, resulted in various processes and product improvement.

Centralised raw material procurement team covers global procurement activity of all plants in India and Mexico. Global targets are then rolled out covering operations across the globe. The frequency of ordering is organised based on the intensity of material and market

conditions. However, they are always guided by long-term policies and agreements, which help in stable supplies even when there are constraint supplies. A long-term association with most vendors has helped improve efficiencies at all levels on both sides.

We have been awarded / certified as AEO (Authorised Economic Operator) which has led to faster post operations resulting in a reduction of costs and turnover time with regard to the clearance of import consignments (DPO).

We have a robust mechanism to review primary and secondary raw materials for the various products that we use. These are analyzed in detail along with our supplier with a periodic exchange of thoughts on a short and long-term basis.

Views about the material and its derivatives

The principle of strategic supplier for all individual product categories are implemented in order to build a sustainable supply chain.

We continuously work with strategic outsourced tubes and flaps suppliers who dedicate specific capacities to us. This constant engagement at a strategic level helps in the improvement and benchmarking of products to access technologically superior products.



AT JK TYRE, CUSTOMERS ARE THE FOCAL POINT OF EVERY DECISION TAKEN AT THE COMPANY. WE PLACE IMMENSE FOCUS NOT ONLY ON SELLING MORE TYRES, BUT MARKETING THE RIGHT PRODUCT MIX, ADDRESSING SPECIFIC VEHICLE AND TERRAIN NEEDS, WHICH, IN TURN, HAVE ENABLED US TO ATTAIN A HIGHER CUSTOMER-RETENTION RATE.

Through the course of the year, the Company strengthened its trade relationships that directly resulted in enhanced points-of-sale effectiveness, helping translate enquiries into offtake. The Company also deepened the institutionalisation of its Customer Interface Programmes to have a better understanding of the changing requirements of the customers, thereby enabling us to launch customised products ahead of the sectoral curve.

Prominent launches during 2018-19

- Launched a new generation pattern called Shresth in the farm segment

- Launched a new PCR pattern for Taxi Max for India and Blazze X-AT for US market
- Launched 93 new products for domestic and international markets
- Launched a new pattern JET XTRA XLM in TBB segment for extra load and extra mileage
- Launched 26 new additional products in the 2/3 Wheeler category including high-end bikes in the Indian market

The fleet management initiative launched by JK Tyre, offering added value to the organised fleets of the country, is another example of the Company's emphasis on customer-centricity. This programme provides the overall tyre care solutions to fleets including right tyre selection, technical consultancy, data management and training support, among others. It is a one-of-a-kind initiative that enables customers to generate optimum cost per kilometre.

Evolving numbers at JK Tyre



Innovation for green manufacturing

JK TYRE EMPHASISES GREEN MOBILITY AND REDUCING ITS CARBON FOOTPRINT ACROSS ALL PLANTS.

Some of the key initiatives during the year:

Increased use of renewable energy

JK Tyre places focus on the use of green and clean energy, resulting in the reduction of greenhouse gases and dependence on fossil fuels. This focus on energy and resource conservation enabled the Company to increase renewables in its energy mix to more than 39% in three years. The Company reduced its dependence on conventional thermal energy sources and invested in solar and wind energy with the objective to increase the renewable energy share by 2-5% annually.

Some key initiatives taken during the year under review comprised the following:

- Installed 6.5 MW of solar roof top at its Chennai tyre plant, Chennai
- Installed 0.5 MW of solar roof top at its Vikrant tyre plant, Mysuru
- Installed 3.0 MW of solar ground at its Kankroli tyre plant, Rajasthan
- Installed 4.7 MW of solar ground at its Banmore tyre plant, Gwalior
- Procured wind power for its Chennai and Mysuru plants

Some projects that are currently in the Company's pipeline comprise the following:

- Solar power plant of minimum 3 MW capacity at KTP, Rajasthan
- Solar power plant of minimum 6 MW capacity at LTP, Uttarakhand

Result: Renewable energy share increased to 39% in the Company's overall energy mix.

Conversion of Dip Unit Zone heating from LDO to LPG

- At KTP, the Dip Unit normalising and heat set zones were heated by indirect heating of air inside the zone to achieve specified temperature/heat required for the process
- The LDO/ furnace oil was used as fuel in TP-10 boilers (Thermax make, two sets) and heat was transferred using thermic fluid to air heat exchanger in the zones

Result:

Fuel cost saving: ₹67.5 lakh per year (270 days operation)

Power saving: ₹15.3 lakh per year

Maintenance cost saving: ₹0.62 lakh per year

Arrangement for feeding 90 mm bio fuel briquettes at KTP- 30 MT boiler

Annual CO2 reduction: 1020 tCO2 per year

Utilisation of waste material as fuel

Types of waste:

- Biomass
- Briquettes of fine coal-dust
- Horticulture waste

Result: Increased consumption of biomass to 20 % as an alternate fuel for boilers

Other innovative technologies/ services implemented

Electrical energy saving:

- Using 100% LED lights across all plants
- Using energy efficient motors (IE-3)
- Using energy efficient air handling unit with cellulose pad technology
- Using harmonic filter to optimise the harmonic level
- Uses of energy efficient compressors, pumps and chillers

Thermal energy saving:

- Using heat pipes for waste heat recovery
- Elimination of stack by using a more energy efficient thermal energy source - GAS heating
- Using closed loop cooling tower for excess heating
- Using hot water recovery systems
- Using drain recovery and reusing it for boiler derator

Initiatives to reduce CO2 consumption:

- Using biomass as an alternate fuel
- Using horticulture waste

Reducing fixed power consumption

Fixed power consumption accounts for 21.6% of the overall plant power consumption.

Some initiatives taken to reduce fixed power consumption:

- Replacing traditional centrifugal ventilation fan system with latest technology axial fans, resulting in higher pressure air-flow outlet with lesser power inputs

Result: 68% energy savings (power consumption reduced to 4.5kWh from 14.4 kWh)

A cost saving of ₹5.54 lakh/annum was achieved for the POC unit.

Reducing semi-fixed power consumption

Semi-fixed power consumption accounted for 20.1 % of the overall plant power consumption.

Some initiatives taken during the year comprised:

- Eliminated the energy loss by fixing air leak in the carbon conveying system

Result: Optimised compressor loading hours

Carbon conveying system redesigned

- Cut off valve near the air reservoir outlet
- PRV provided in the conveying line to regulate the required pressure
- PU hose replaced with high pressure metallic braided hoses (extended life of 10 years)

Result: 8.6% compressor energy savings (power consumption reduced to 1650 kWh/day)


The Company achieved a cost saving of ₹38 lakh /annum.

Reducing steam consumption in TBR curing process

- Conversion from hot water curing to nitrogen curing during the tyre curing process

Result: Steam consumption reduced 39% through the hot water systems.

Assurance statement

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**INDEPENDENT ASSURANCE
OPINION STATEMENT**

Statement No: **SRA-IND- 659169-3**

JK Tyre & Industries Limited Sustainability Report 2018-19

The British Standards Institution is independent to JK Tyre & Industries Limited (JKTL) and has no financial interest in the operation of JKTL other than for the assessment and assurance of this report.


This independent assurance opinion statement has been prepared for JKTL only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of JKTL.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by JKTL. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to JKTL only.

Scope
The scope of engagement agreed upon with JKTL includes the following:
1. The assurance covers the JKTL's Sustainability Report 2018-19 prepared "In accordance" with GRI Standards – Core option, and focuses on systems and activities of JKTL and its manufacturing operations at Kankroli, Banmore, Chennai and Mysore during the period from 1st April 2018 to 31st March 2019.
2. The AA1000 Assurance Standard, AA1000AS (2008 with 2018 Addendum) Type 1 engagement evaluates the nature and extent of JKTL's adherence to all four AA1000 AccountAbility Principles: Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the report has been evaluated.

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Opinion Statement
Our work was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance standard, AA1000AS (2008 with 2018 Addendum) and GRI Standards. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that JKTL's description of their self-declaration of compliance with the GRI Standards were fairly stated.

We conclude that the JKTL's Sustainability Report 2018-19 Review provides a fair view of the JKTL's CSR programmes and performances during FY 2018-19. We believe that the 2018-19 economic, social and environment performance disclosures are fairly represented. The sustainability performance disclosures disclosed in the report demonstrate JKTL's efforts recognized by its stakeholders.

Methodology
Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:


- A top level review of issues raised by external parties that could be relevant to JKTL's policies to provide a check on the appropriateness of statements made in the report
- Discussion with senior executives on JKTL's approach to stakeholder engagement. We had no direct contact with external stakeholders
- Interview with staff involved in sustainability management, report preparation and provision of report information were carried out
- Review of key organizational developments
- Review of supporting evidence for claims made in the reports
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality and Responsiveness as described in the AA1000 AccountAbility Principles Standard (2008 with 2018 Addendum)

Conclusions
A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is set out below:

Inclusivity
This report has reflected a fact that JKTL is seeking the engagement of its stakeholders through various channels. Being the second year of reporting, JKTL has limited its engagement primarily to its internal stakeholders (employees) while also considering the feedbacks received from its external stakeholders over the last few years. The company has plans to include its external stakeholders in the engagement process more formally in the next year of reporting. A comprehensive survey though has been done within the tyre manufacturing business included in the report which has brought in a wide range of material topics to be included for reporting.

In this Sustainability Report, material data disclosed is primarily restricted to the manufacturing operations of JKTL at Kankroli, Banmore, Chennai and Mysore. This report covers the fair reporting and disclosures for economic, social and environmental information. In our professional opinion, the report covers the JKTL's inclusivity issues that demonstrates

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participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Materiality
JKTL publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. The Report brings out identified material topics on the basis of an internal materiality determination exercise, as well as through benchmarking with peers and applicable sustainability reporting frameworks. JKTL also considers key concerns arising from its stakeholder engagement processes to be key inputs for its materiality determination exercise. In our professional opinion nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness
JKTL has implemented the practice to respond to the expectations and perceptions of its stakeholders. It includes client survey and different feedback mechanisms to external stakeholders and internal stakeholders. In our professional opinion the report covers JKTL's responsiveness issues, however, the future report should be further enhanced by the following areas: provide further information regarding responsiveness mechanism to different stakeholder.

Impact
JKTL has also demonstrated that adequate systems are in place to monitor, measure and be accountable for their actions that affect the economy, the environment, society, stakeholders and the organisation itself.


GRI-reporting
JKTL provided us with their self-declaration of compliance GRI Standards and the classification to align with "In accordance" - Core.

Based on our verification review, we are able to confirm that social responsibility and sustainable development disclosures in all 3 categories (Environmental, Social and Economic) are reported with reference to "In accordance" with the GRI Standards – Core option.

The majority of data and information verified at the Head Office and at sample locations visited by us were found to be fairly accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and these errors have been corrected. It is suggested that JKTL may implement appropriate tools for sustainability data management and initiate a process of internal reviews and validation to further strengthen the reliability of its performance disclosures.

In our professional opinion the self-declaration covers JKTL's social responsibility and sustainability issues. On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly describe the following sustainability disclosures as stipulated in the GRI Standards.

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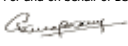
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- GRI 302: Energy 2016 - 302-1, 302-3;
- GRI 303: Water 2018 - 303-3;
- GRI 305: Emissions 2016 - 305-1, 305-2, 305-4;
- GRI 306: Effluents and Waste 2016 - 306-2;
- GRI 307: Environmental Compliance 2016 – 307-1;
- GRI 401: Employment 2016 - 401-1;
- GRI 403: Occupational Health and Safety 2018 – 403-1;
- GRI 404: Training & Education - 404-1;
- GRI 413: Local Communities 2016 – 413-1, 413-2;

Competency and Independence
The assurance team was composed of Lead auditors experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including GRI-G4 and GRI Standard, AA1000, ISO10002, ISO 14001, OHSAS 18001, and ISO 9001, etc. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.


Assurance Level
The type 1 moderate level of assurance provided is in accordance with AA1000 Assurance standard, AA1000AS (2008 with 2018 Addendum) in our review as defined by the scope and methodology described in this statement.

Responsibility
It is the responsibility of JKTL's senior management to ensure the information presented in the Sustainability Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

For and on behalf of BSI:

Kumaraswamy Chandrashekara
Head - Sustainability, BSI Group India


Mr Wilfred Chan
Head of Operations, BSI Asia Pacific
10 December 2019

New Delhi, India



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Industry memberships and associations

JK Tyre senior managers and Chairman & Managing Director serve various leading apex chambers and government bodies of India:

- Confederation of Indian Industry (CII) as Member of National Council for over 15 years
- PHD Chamber of Commerce & Industry, Senior Member of Managing committee and Past President for over 30 years
- Asia-New Zealand Foundation (Asia-NZ Foundation), New Zealand, as Honorary Advisor, representing India for over 20 years
- Indo-American Chamber of Commerce (IACC) – Past President of North India Council, and Member – Executive Council / North India Council for over 30 years
- Has been Chairmen of Automotive Tyre Manufacturers Association – 3 times

JKTIL has served various Government Bodies, such as,

- Indian Rubber Manufacturers Research Association (IRMRA) – A Ministry of Commerce & Industry, Govt. of India Body – as President
- Expert Committee on Natural Rubber Policy – A Govt. of India body, as its member
- Associated Chamber of Commerce and Industry (ASSOCHAM) - as Deputy President

- Chemical & Allied Products Export Promotion Council (CAPEXIL), Government of India, as Chairman of Auto Tyres & Tubes Panel

- Indian Wire Rope Manufacturers Association (IWRMA), as Chairman in the early 70's
- Xavier Institute of Management (XIM), Bhubaneswar, as Member of Board of Governors
- Indian Institute of Technology (IIT), Chennai, as Member of Board of Governors
- Rubber Board, Kottayam, as Member
- Member, Asia Business Council, Hong Kong

They have been Chairmen of apex bilateral bodies of the Indian and international business community in the 1990s:

- India-Argentina Joint Business Council
- India-Brazil Joint Business Council
- India-Cuba Joint Business Council
- India-Columbia Joint Business Council
- India-Mexico Joint Business Council
- India-South Africa Joint Business Council

They have led delegations to a number of countries, apart from leading a number of delegations of 'PHD Chamber of Commerce and Industry' and 'Indo American Chamber of Commerce' to various European countries.

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