



**TOWARDS
A GREENER
FOOTPRINT**

Key Highlights of FY 2017-18

Renewable Energy
of total Power
Consumption **37%**

Green House Gas
Emission Down **36%**

Water Consumption
(one of the lowest in the world)
per ton of tyre **2.42 Cu.m/Tonn**

Sales (numbers)
growth **10%**

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From the Chairman's Desk



At JK Tyre, sustainability is integral to our culture, innovation and business practices. It is our constant endeavour to make a positive impact on the society through our products and actions and create an environment of transparency and accountability for all our stakeholders.

During FY 2017-18, we continued to focus on economic performance, climate change and social responsibility. We looked at improving our manufacturing and waste management processes and form a deeper bond with our people and customers.

We are craftsmen, who are on a persistent search for making our stakeholder's journey safer, greener and secure. We are constantly challenging ourselves to bring out the best. I am proud to share that during the year, our Company launched India's first eco-friendly 'green tyre' and became the first company in Asia and second in the world to receive the ISO 50001 certification for Energy Management.

We also increased our usage of renewable energy to 37% during the year and reduced our water consumption levels by 14% to as low as 2.42 litres per kg of production. This is an industry benchmark and an outcome of our systematic initiatives undertaken over the last five years.

As part of our ongoing philosophy of Reduce-Recycle-Reuse (RRR) and in our attempts to attain the lowest-ever plant waste, we used approximately 5% of recycled material in making a virgin product. In this process, we achieved a process scrap/ waste rate of less than 1%.

At JK Tyre, we place utmost importance to Occupational Health and Safety (OHS) and have zero tolerance towards any incidence in this regard. Our goal is to build an accident-free organisation, where our people can work happily in a safe and healthy environment.

Through our material research, we are on a constant lookout for ways to lower Greenhouse Gas (GHG) emission during both production and usage. One such outcome is the development of bio oil as an alternative to reduce the consumption of fossil fuels in tyre manufacturing, without compromising on the tyre performance. This development was carried out by our Hari Shankar Singhania Elastomer and Tyre Research Institute (HASTERI).

As part of our ongoing philosophy of Reduce-Recycle-Reuse (RRR) and in our attempts to attain the lowest-ever plant waste, we used approximately 5% of recycled material in making a virgin product.

At JK Tyre, we firmly believe in gender equality, diversity and cultural integrity. During the year, we benefitted significantly from the experience and skills of the team, which includes 11 doctorates, 32 scientists, 472 business administration personnel and 953 engineers engaged in various operations.

We touched the lives of 1,20,000 people through our CSR initiatives. Our CSR programmes are insightful of the ground realities and conceived at the grassroots. We have always been committed towards generating a lasting impact on the society that extends beyond business value creation.

We present the Sustainability Report for FY 2017-18, which is special in many ways. While it is our second one after our formal entry into sustainability reporting last year, it provides us an opportunity to retrospect on our efforts and improve. The report is being documented in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards – Core Option.

Dr. Raghupati Singhania
Chairman and Managing Director

About the Report

The world deserves a better tomorrow and at JK Tyre & Industries Ltd. (JK Tyre), we believe that by striving to ensure the wellbeing of our environment, we can bring society closer to this 'tomorrow'. In fact, the culture of giving back to communities and mother nature runs deep in the JK Organisation, and thereby at JK Tyre.

FY 2016-17 marked our foray into the world of sustainability reporting and this year, we are happy to present our second Sustainability Report. Sustainable development is integral to our ethos of achieving inclusive growth and this report reflects our commitment to establish accountability and transparency across our stakeholder groups.

The report is in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards – Core Option.

Scope and Boundary

This report presents information about the four tyre manufacturing locations across the country – Mysuru, Karnataka; Banmore, Madhya Pradesh; Kankroli, Rajasthan and Chennai, Tamil Nadu – unless otherwise mentioned specifically (the reporting boundary). The report covers Financial and Environmental, Social and Governance (ESG) information for the period April 1, 2017 to March 31, 2018 and contains data and information of the identified material topics for the said locations.

Assurance

The Sustainability Report (FY 2017-18) has been externally assured by British Standards Institution (BSI), an independent third party that has no financial interest in the operations of JK Tyre, other than for the assessment and assurance of this report. The selection of the external assurance provider has been carried out in line with



JK Tyre's established procurement practices for services that are based on a combination of technical and commercial criteria. The assurance statement thus issued has been included in the report. JK Tyre is committed to producing its Sustainability Report at least on a biannual basis. Please refer to the Company's GRI index (on Page 58) for disclosures against each of the indicators.

There are entities that are part of the consolidated financial statements of the Company, but not covered in this report. For details, please refer to JK Tyre's Annual Report 2017-18.

A Legacy of Entrepreneurship

JK Organisation is a leading private sector conglomerate with multi-product, multi-location and multi-business operations in India.



Lala Lakshmi Pat Singhania
(1910-1976)

JK Organisation traces its origins to the father-son pair of Late Lala Juggilal Singhania and Late Lala Kamalapat Singhania; both dynamic personalities with a broad vision. Inspired by the cause of Mahatma Gandhi's Swadeshi movement and driven by the zeal to set up an Indian enterprise, Lala Kamalapat Singhania founded the Organisation in 1888 – ushering in a new industrial era in the country.



Hari Shankar Singhania
(1933-2013)

Taking the helm of the Organisation in 1974, Hari Shankar Singhania contributed immensely not only to its growth story, but also to the industrial and economic progress of India. Cognisant of his involvement and impact, numerous Indian and international bodies bestowed him with awards and accolades.

Over the years, the legacy of entrepreneurship has been carried forward by the present generation of the Singhania family, through steady growth and diversification.

JK Tyre at a Glance

JK Tyre, one of the flagship companies of the JK Organisation, is among the leading tyre manufacturers in India and the world at large.



At JK Tyre, we pioneered radial technology in India four decades ago in 1977. Our diverse portfolio caters to the smallest tyres for two-wheelers to the largest tyres for earth-movers. We hold the highest market share in truck/ bus radial tyres in India. At the same time, we are counted among one of the largest players in the truck/ bus bias and passenger car segments. At present, the total capacity across all our plants stands at nearly 32 million tyres per annum.

We are a public limited company with equity shares listed on all major stock exchanges in India. Dr. Raghupati Singhania is the Chairman and Managing Director, ably supported by the Board of Directors and a 6,734 -member-strong workforce.

We are the only Indian tyre manufacturer to be included in the list of Superbrands India in 2017 for the sixth consecutive year.



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



VALUES

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

32 mn tyres
Total annual production capacity

6,734
People

A Tyre for Every Need

Comprehensive Portfolio



Off the Road



Farm



Truck Bus Radial



Truck Bus Bias



Light Commercial Vehicle
(Bias/ Radial)



Small Commercial Vehicle
(Bias/ Radial)



Passenger Car
(Bias/ Radial)



Two- and Three-Wheeler

Operational Strength

Globally, we operate 12 modern plants (nine in India and three in Mexico), selling various product lines. Our plants in India are strategically located across Mysuru, Banmore, Kankroli, Chennai and Laksar (Haridwar).

Manufacturing Capacity

(No. of tyres in million)

Category	JK Tyres	Cavendish	Total India	Tornel (Mexico)	Total (India and Mexico)
Truck Bias	1.5	0.7	2.2	0.3	2.6
Truck Radial	2.3	0.7	3.0	-	3.0
Passenger Line Radial	9.9	-	9.9	5.2	15.0
Two- and Three-Wheeler	-	6.3	6.3	-	6.3
Others	1.7	0.7	2.4	2.4	4.8
Total	15.4	8.5	23.9	7.9	31.7
Tonnes Per Day (TPD)	1,026	383	1,409	300	1,709

Our Original Equipment Manufacturer (OEM) Partners

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

Maruti Suzuki	Tata Motors
Ashok Leyland	Mahindra & Mahindra
General Motors	Volkswagen
Eicher	TAFE
Nissan	Swaraj Mazda
Bajaj	Renault
JCB	John Deere
Honda	Volvo
Force	Bharat Earth Movers Limited
Fiat	Caterpillar India



Brand Suite

Our tyres are marketed under the brands of JK Tyre, Vikrant, Tornel and Challenger.



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



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



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



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

Sales Footprint

We have a wide geographic footprint across the country with the help of 141 selling points that provide sales and service to customers as well as channel partners. Besides, we market products through 38 JK Tyre Truck Wheels (fully-equipped tyre service centres), over 294 JK Tyre Steel Wheels (exclusive passenger car tyre retail) and more than 45 JK Tyre Xpress Wheels (tyre solutions for small towns and semi urban markets). We export to 105 countries across the globe. Further, we have a modern R&D facility, which provides strong technological support.

141 selling points

Across the country, providing sales and service to customers as well as channel partners

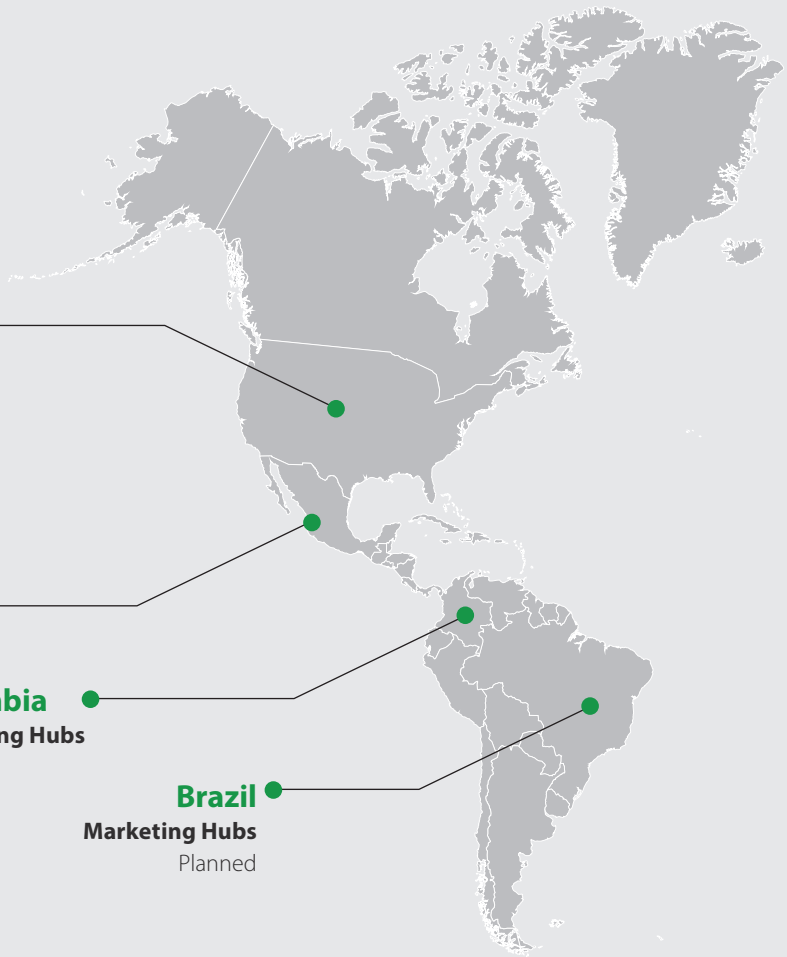
Growing on a Global Scale

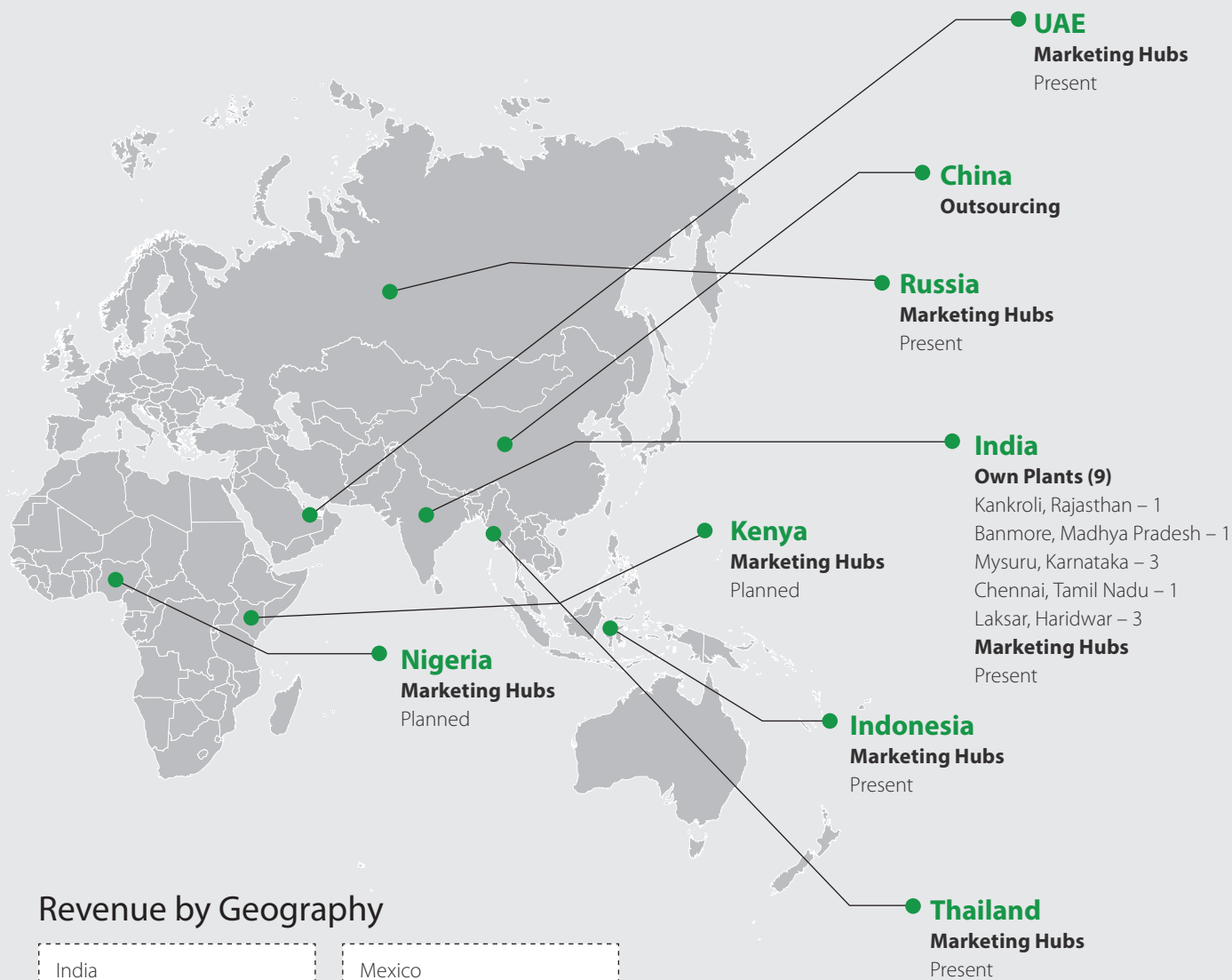
US
Marketing Hubs
Present

Mexico
Own Plants (3)
Azcapotzalco – 1
Tultitlan – 1
Hidalgo – 1
Marketing Hubs
Present

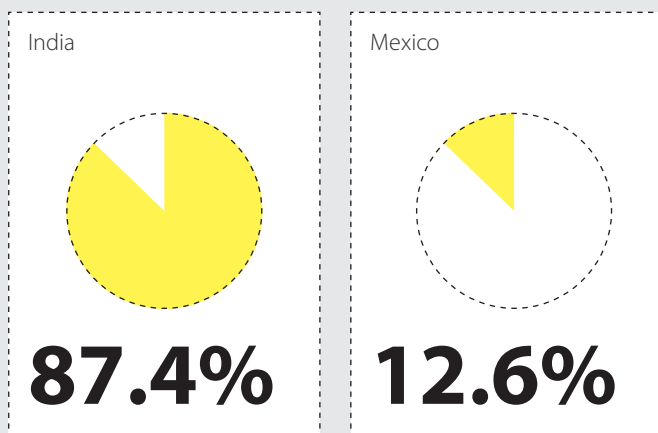
Colombia
Marketing Hubs
Present

Brazil
Marketing Hubs
Planned





Revenue by Geography



Proud of our Many Firsts

1

Technology

- First tyre company in India to install the 'On-level Tyre Test Machine', generating real-time data in tyre testing.
- First tyre company in India to install an anechoic chamber for noise measurement.
- First Indian tyre company to launch an eco-friendly 'green tyre'.



2

Knowledge

First tyre company in India to commission an independent Research and Development (R&D) centre – Hari Shankar Singhania Elastomer & Tyre Research Institute (HASETRI) – a one-of-its-kind modern R&D centre recognised under the Scientific and Industrial Research Organisation (SIRO) by the Department of Scientific and Industrial Research (DSIR), Government of India.



3

Original Equipment (OE) Relationships

First Indian tyre company selected by Suzuki Motor Corporation to work on its Swift model, right from the drawing board.



4

Certification

- First company in Asia and second in the world to receive the ISO 50001 certification for Energy Management.
- First Indian tyre company to have verified carbon footprint as per ISO 14064.



5

Product

- First tyre company in India to launch radial technology for the entire range (Passenger Car, LCV, Bus, Truck and Tractor).
- First company in India with OE fitment of tubeless passenger radials.
- First tyre company in India to launch high-performance H-, V- and Z-rated passenger radial tyres.

6

Overseas

- First tyre company in Mexico to manufacture collapsible spare tyre and temp tyre.
- First tyre company in Mexico to supply OE tyres to Nissan/ Chrysler.



Driven by Strong Fundamentals

Our intricate business model is focussed on creating long-term value for stakeholders and is driven by our core strengths.



Experience

36+ years

We have over 36 years of time-honoured rich experience in the global tyre industry.

Leadership

No. 1

We are the front runner in the TBR segment.

Presence

100+

We have a global presence in over 100 countries across six continents.

Assets

12 plants

We have 12 modern plants – nine in India and three in Mexico.

Scale

32 mn tyres/ annum

We have a manufacturing capacity of around 32 million tyres per annum across all our plants.

Size

22nd

We are ranked as the 22nd largest tyre manufacturing company globally.

Products

2,000+

We have over 2,000 Stock Keeping Unit (SKU) products across all categories.

Range

2.1 kg to **3.5** tonne

Our product range starts from a 2.1 kg two-wheeler tyre to a 3.5 tonne OTR tyre.



Touch Points

4,000+

We have a countrywide network of over 4,000 dealers (300+ JK Steel Wheels, 60+ JK Xpress Wheels, 40 JK Truck Wheels and 28 JK Retread Centres).

Capex

₹4,850_{cr}

We deployed a Capex of ₹4,837 crore outlay in the last five years, preceding 2017-18 (including the acquisition of Cavendish Industries Ltd. (CIL)).

Partners

75+

We work with over 75 OEM partners in India and Mexico.

Energy Efficiency

10.1_{Gj/tonne}

We are among the top four energy-efficient tyre companies in the world (10.1 Gj/tonne).

Water Consumption

2.42_{cu.m/tonne}

We are one of the world's lowest consumers of water per tonne of tyre manufactured (2.42 cu.m/tonne).

Shareholder Return

50%_{CAGR}

We have consistently rewarded our shareholders with 50% CAGR in market capitalisation during the last five years.

Our Journey Through the Years

We have evolved a strong and robust business, consistently harnessing organic and inorganic expansion opportunities.

1991

Set up the second tyre plant at Banmore, MP



1977

First tyre plant in Kankroli, Rajasthan

1997

Acquired Vikrant Tyre Ltd. in Mysuru



1999

Started all-steel truck radial manufacturing in Mysuru



2008

Acquired Tornel plant in Mexico



2010

Set up new OTR plant in Mysuru



2012

Set up new plant in Chennai



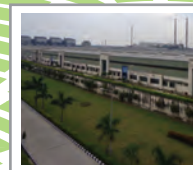
2013 & 2014

Undertook major brownfield expansion in Chennai (completed in 2015-16)



2016

Acquired Cavendish Industries Ltd.



Instituting a Culture of Quality

At JK Tyre, we have always been conscious of our promise to deliver superior services and products to our customers, partners and communities, through effective quality-control.

We adopt best-in-class technology at our state-of-the-art manufacturing facilities, while following industry benchmarks in quality control. Our plants have received various accreditations from national and international agencies that bear testimony to our commitment to quality.



Sl. No.	System Certification	India			
		Mysuru	Kankroli	Banmore	Chennai
1	ISO 9001:2008/TS 16949: 2009 QMS ¹	✓	✓	✓	✓
2	ISO 14001: 2004 EMS ²	✓	✓	✓	✓
3	OHSAS ³ 18001:2007	✓	✓	✓	✓
4	ISO 50001:2011 EnMS ⁴	✓	✓	✓	✓
5	SA ⁵ 8000: 2008	✓	✓	✓	✓
6	Information Security Management System ISO 27001:2013	✓	✓	✓	✓
7	NABL ⁶ Accreditation ISO/ IEC 17025:2005	✓	✓	✓	✓
8	TPM ⁷ Certification (Excellence) JIPM ⁸ , Japan (2010)	✓	✓	✓	-
9	CII ⁹ Sohrabji Godrej Green Business Centre – GreenCo Rating (first tyre company in India)	✓	✓	✓	✓
10	TPM Certification (Consistency) JIPM, Japan (2015)	✓	-	-	-

¹ Quality Management System

² Environment Management System

³ Occupational Health and Safety Assessment Series

⁴ Energy Management System

⁵ Social Accountability

⁶ National Accreditation Board for Testing and Calibration Laboratories

⁷ Total Productive Maintenance

⁸ Japan Institute of Plant Maintenance

⁹ Confederation of Indian Industry

Awards and Accolades

We are the only domestic tyre manufacturer to be included in the list of Superbrands India in 2017 for the sixth consecutive year. Besides, JK Tyre has received national and international recognition from various industry stakeholders for its operational and manufacturing excellence. Some of these are mentioned below.





Corporate Governance

Strong and sound corporate governance lies at the heart of the values and ethics that underscore the best business practices observed by our Company.



The key objectives of our corporate governance framework are: committing to customer satisfaction, maximising long-term shareholder value, creating a socially valued enterprise and caring for people and the environment.

We have instituted a Code of Corporate Ethics and Conduct, reiterating our commitment to uphold the highest standard of excellence in our interface with stakeholder groups. It outlines the core values and corporate ethics to be adopted and practised by our entire management cadre.

As on March 31, 2018, our Board of Directors consisted of 11 Directors, of which four were Executive Directors (ED) and

seven were Non-executive Directors (NED). Out of the seven NED, six were Independent Directors. The Board periodically reviews compliance reports of all laws applicable to our Company and the steps taken by us to rectify instances of non-compliance, if any. The Board is satisfied that plans are in place for orderly succession for appointments to the Board and senior management.

We have a Code of Conduct for Management Cadre Staff (including EDs). In keeping with the provisions of Regulation 17(5) of the Listing Regulations, the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company and the same is available on our companies website. All the Board

members and senior management personnel have affirmed compliance with the said Code. This report contains a declaration to this effect signed by Dr. Raghupati Singhania, Chairman and Managing Director.

Besides, we practice a performance evaluation process for the Board as well as its various committees such as the Audit Committee, Stakeholders Relationship Committee; Nomination and Remuneration Committee and Corporate Social Responsibility Committee, among others.

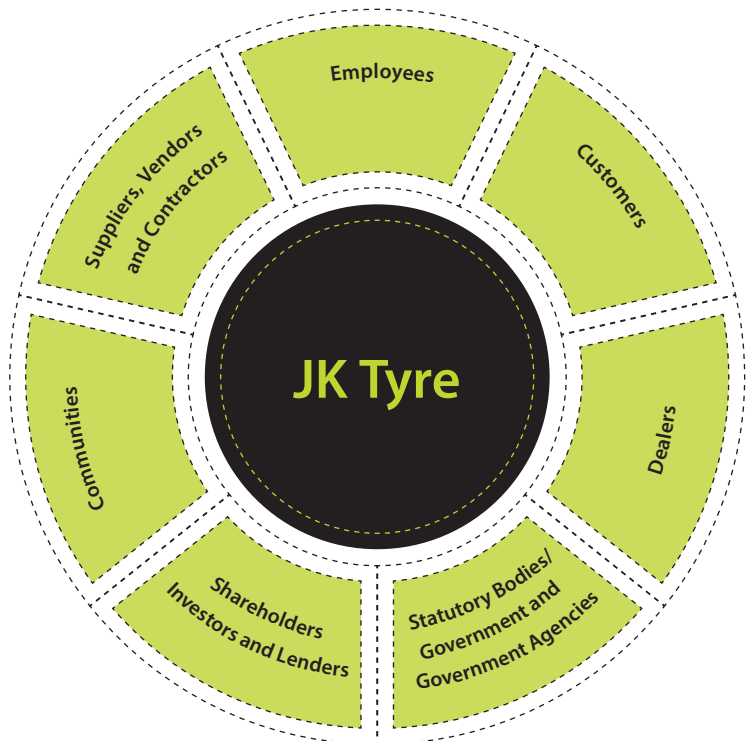
Strengthening Relationships with Stakeholders

Globally, interactions between businesses and the society are increasingly emerging at the forefront of conversations.

Participants therein are aware of the complexities and interlinkages that span economic, social and environmental issues. Decisions taken in silos do not yield desirable outcomes. Stakeholder engagement is therefore evolving as a vital tool for businesses to develop a holistic understanding of sustainability.

At JK Tyre, stakeholder engagement is an ongoing process. We continuously strive towards effective communication, engaging with a diverse set of stakeholders, both formally and informally, to discuss the sustainability performance of our business. Their views, concerns and key expectations are essential in shaping our strategy and future aspirations.

Through our formal stakeholder engagement process, we have identified the following internal and external stakeholders: employees; customers; dealers; suppliers, vendors and contractors; statutory bodies/ government and government agencies; shareholders/ investors and lenders; and communities. We have also recognised the disadvantaged, vulnerable and marginalised stakeholder groups in and around our manufacturing plants. Together, this has helped us in mapping and prioritising the relevant issues, while enabling us to focus on the topics that are of importance to all our stakeholders.



Stronger Engagement for Better Outcomes

We engage with a broad spectrum of stakeholders through various channels, programmes, projects and activities. We evaluate their concerns raised through feedback mechanisms, customer and employee surveys, interactions with specialist groups and discussions with individual stakeholder groups. In FY 2016-17, we collected thorough feedback from our employees, gauging their level 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 the materiality assessment. During FY 2017-18, 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; focussed group discussions; training; communication; displays; newsletters; tool box meetings	Employee wellbeing; career development; grievance redressal mechanisms; communication on policy decisions	Performance appraisals; satisfaction surveys
Customers	Annual; need-based	Customer meets; one-on-one interactions; surveys	Complaint-handling and resolution; product development feedback	Customer satisfaction surveys
Communities	Annual; need-based	Direct interactions with community leaders and NGOs	Education; skill development; health and hygiene; female empowerment	Interactions; surveys
Vendors/ Suppliers	Half yearly; annual	Supplier meets; vendor analysis	Quality and timely delivery; Environment, Health and Safety (EHS) and social policy deployment	Satisfaction surveys; vendor ratings
Dealers	Annual; need-based	Dealer meets; one-on-one interactions; audits; training	Customer relationships; product knowledge	Dealers satisfaction surveys
Statutory bodies	Need-based	Interactions; industry forum meets	Compliance; industry concerns; government expectations	Interactions
Shareholders	Annual; need-based	Investor meets; AGM investor grievance forums; Annual Reports and Sustainability Reports	Strategy and performance; compliance; feedback on actions implemented	Meetings; action plans



Materiality

At JK Tyre, we have always believed that materiality of information is the soul of sustainability reporting. Our materiality assessment process enables us to identify the key issues relevant to our business. The discussions and results articulated in this report demonstrate JK Tyre's keen consideration of stakeholder requirements all through the materiality process.

The feedback and concerns that we gather aid us in framing our policies, prioritising our strategies and formulating action plans based on the three aspects of sustainability (economic, social and

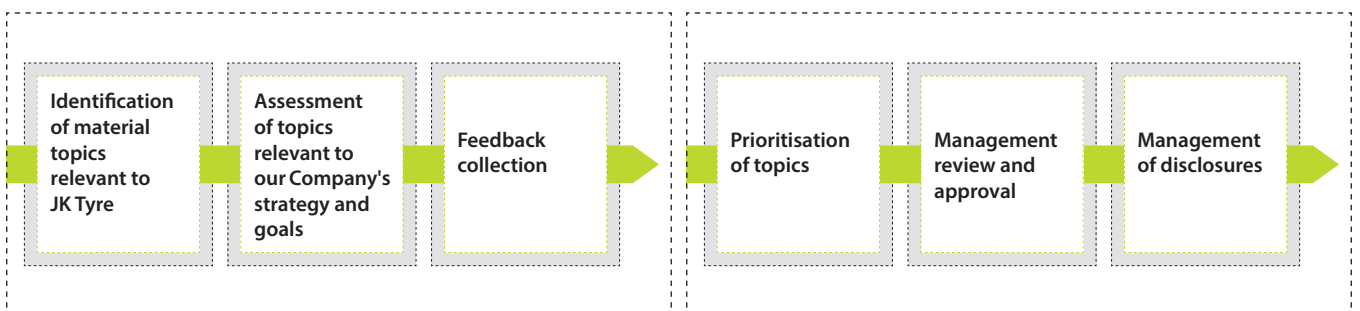
environmental). During FY 2017-18, we continued to focus on economic performance, climate change and social responsibility.

The topics for the engagement process are assessed against the critical parameters that drive our Company's policies, strategies and goals. These include: (a) compliance requirements; (b) risks and opportunities; (c) insights from the top management; (d) innovation and product development; and (e) competition. We review the progress on material aspects concerning our stakeholders on an ongoing basis and communicate the same through various channels. Periodic discussions and reviews

with the Board and its committees, coupled with meetings with various stakeholder groups, facilitate our efforts to prioritise and fulfil the expectations of the stakeholder fraternity.

The discussions and results articulated in this report demonstrate JK Tyre's keen consideration of stakeholder requirements all through the materiality process

Materiality Assessment Process





During the year, apart from the existing mechanism of engagement, we focussed on a major stakeholder group – our people. We engaged an external agency to interact with our employees across all locations. The primary objective of the study was to understand the various dimensions of employee satisfaction and commitment, while suggesting different ways to improve employee retention rate. The results from the survey were analysed and considered in the materiality process. Responses collected from all other channels and stakeholders were also analysed and discussed within the ambit of the corporate sustainability team. The list of material topics thus identified was presented to the leadership to help prioritise the material topics for our Company. Our teams at the four manufacturing locations submitted their action plan on the legitimate concerns raised by stakeholders.

Consequently, a list of material topics significant for JK Tyre have emerged through the materiality process. The overall selection of topics was done bearing in mind the impact that each topic could generate across the value chain. It ensures that comprehensive and requisite information is offered in this report, meeting the expectations of engaged stakeholders at large. In this manner, the Reporting Principles of stakeholder inclusiveness, sustainability context, materiality and completeness are upheld in the report.

The set of identified material topics for this report concurs with that of the Sustainability Report of FY 2016-17. It is our firm belief that these material topics are relevant to our business since they reflect our Company's vision and action plans, while helping us articulate our progress against the different challenges faced across various aspects of sustainability. The main boundary for these topics is the four manufacturing locations, unless otherwise specified.

We engaged an external agency to interact with our employees across all locations. The primary objective of the study was to understand the various dimensions of employee satisfaction and commitment, while suggesting different ways to improve employee retention rate.



Material Topics and Their Relevance

Category	Topics	Why is it Important for JK Tyre?
Resource conservation	Energy Emissions Water Waste management	Combating climate change, resource conservation and waste management are the foremost concerns facing us today. We consider these to be relevant given the nature of our operations. As a responsible organisation, we aim to manage our greenhouse gas (GHG) emissions, conserve energy and reduce our wastes through an approach that adheres to legal compliance and explores green solutions.
Economic performance	Economic progress	This is in line with our vision of striving towards a sustainable world. The topic is relevant for ensuring inclusive growth – one that involves and benefits all stakeholders (such as employees, shareholders, customers, suppliers and the community).
Employee wellbeing	Employment Health & safety Training & education	Our employees are our biggest assets. In order to meet our strategic goals and stay attuned to the changing consumer needs, our priority is to attract, engage and retain the best talent in the industry, ensuring their overall wellbeing.
Community development	Local communities	For us, serving local communities is an integral part of being a responsible corporate citizen. We provide need-based community initiatives in the realms of education, health, livelihood and water conservation. Our steady focus remains on empowering the less-privileged sections of the society.
Governance	Compliance Procurement practices	For us, sustainability extends beyond mere compliance. It is a journey towards being seen as a transparent and credible organisation among the stakeholder fraternity.

Strategic Focus Areas

The long-term value creation ability of our business largely relies on its capacity to address emerging industry trends.

At JK Tyre, we prepare a five-year business plan to prioritise and organise our actions for new product development in tandem with efficient optimisation of our existing capabilities. Further, our Vision and Mission statements provide us with broad directives to plan and achieve our long-term goals.

Our strategic planning exercise aligns management thoughts and allows us to gain competitive advantages through agile, responsive and innovative thinking. This involves a deep understanding of the industry environment, along with an internal assessment to identify the opportunities that can be leveraged to achieve organisational goals. It also involves de-risking our business against future volatilities in operational activities and initiatives, to ensure sustained and improved performance for all stakeholders, while facilitating successful implementation of the strategic plan.

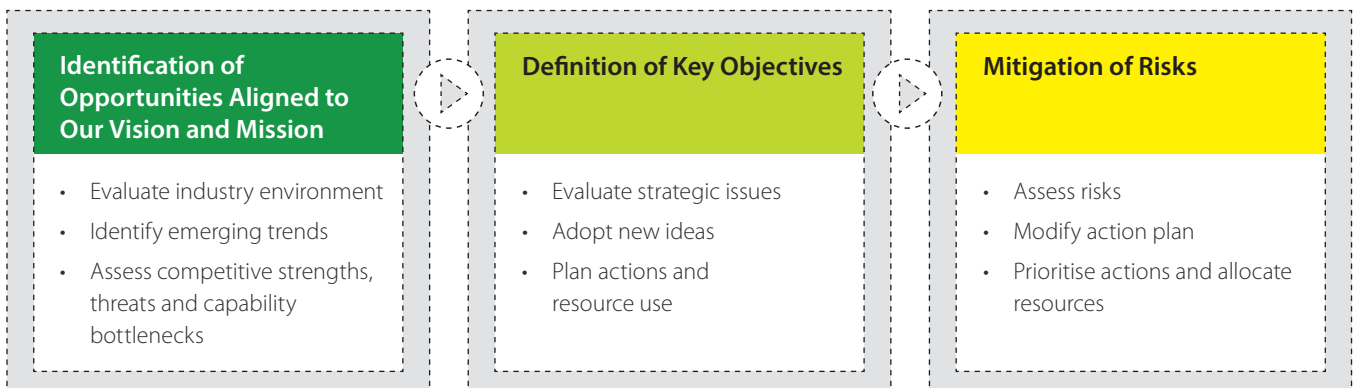
We adopt a collaborative approach towards action plans. We undertake improvement projects known as Company Level Projects (CLPs) and Functional Level Projects (FLPs) across all functions.



Ideas are systematically reviewed at an interval of three/ six months to track the progress achieved and to provide the necessary support to initiatives that face implementation hurdles. As a result, our people find the work culture conducive to expressing their thoughts and ideas for our Company, while streamlining their energies for larger achievements. The management,

in turn, takes a holistic overview of all ideas and action plans, following which, these are prioritised based on the overall Company strategy and resource availability. Through a time-bound exercise with regular reviews, we also ensure we are responding to the evolving market landscape in a systematic fashion.

Our Strategic Planning Framework

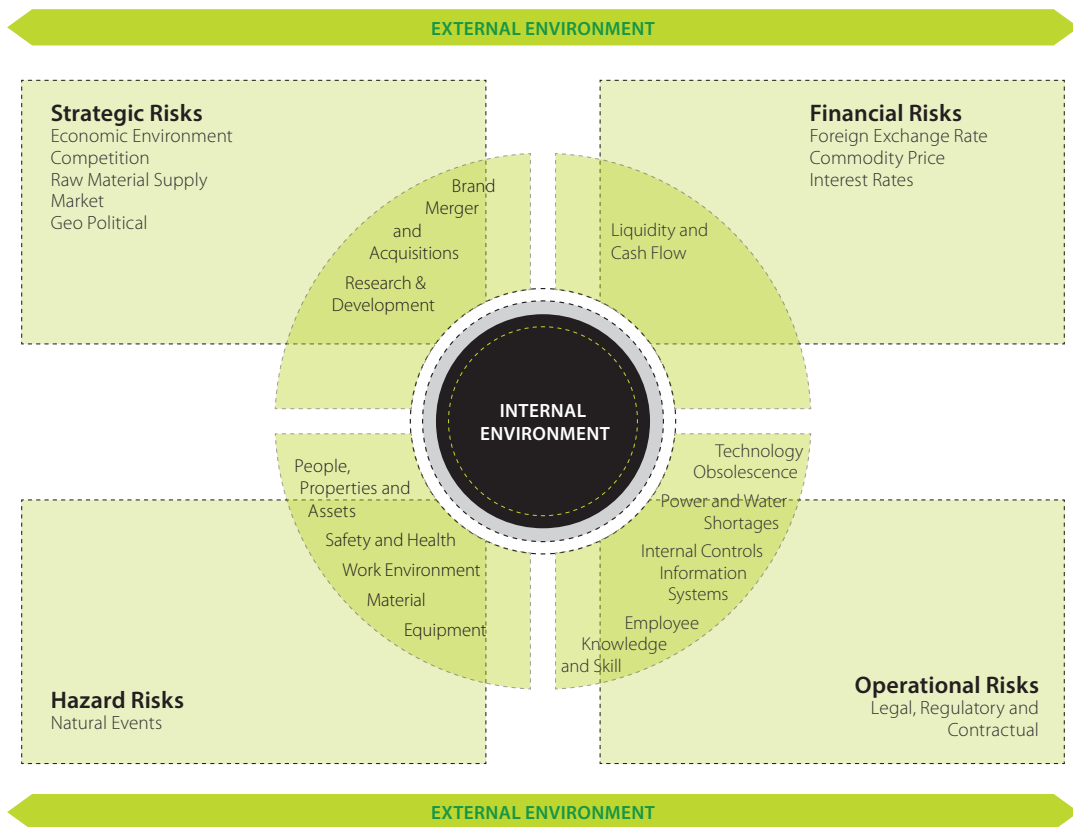


Robust Risk Management

Risk: An Overview

In a world of constant change, certain events happen within or beyond an organisation’s ambit of control. That said, the consequences of not being prepared for such events can have an adverse impact on the organisation, its employees, customers and other stakeholders, as well as its legal compliance responsibilities. At JK Tyre, risk is intrinsic to all our business processes, including manufacturing, distribution and research and development. Broadly, we have identified the following risks as pertinent to all aspects of our business.

Key Risks



Enterprise Risk Management

We have established a wide range of Enterprise Risk Management (ERM) activities to provide a comprehensive framework that can proactively manage critical risks that could impact our objectives and goals. Through ERM, we promote a culture of risk awareness in the organisation. It helps the management to focus on identifying and evaluating risks and making decisions with an understanding of the impact of such actions. Implementation of ERM requires a continuous process of managing existing

and emerging risks that are related to external and internal issues faced by our Company. We have a well-documented approach towards ERM, in accordance with the ISO 31000:2018 guidelines.

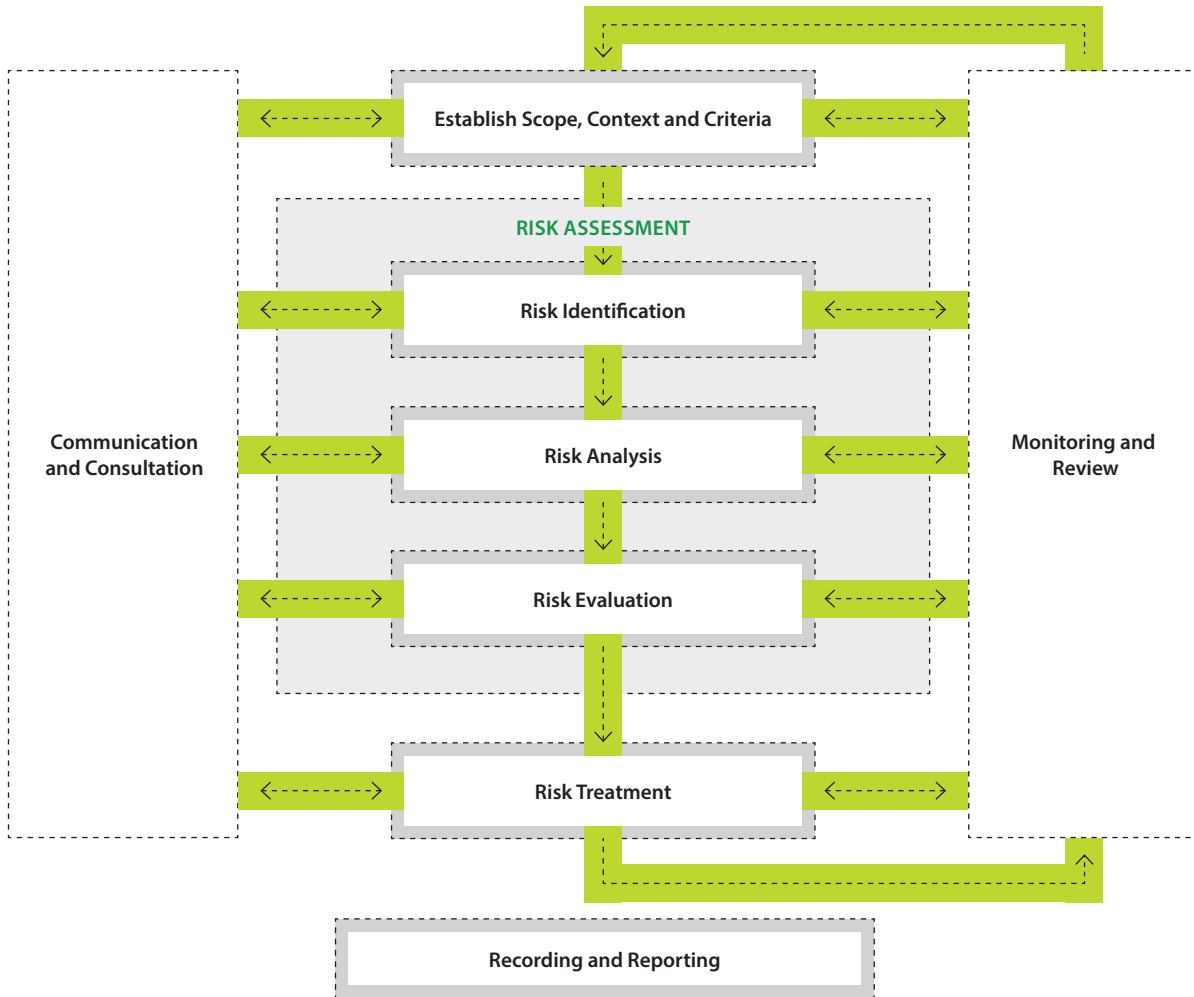
Appetite for Risk

We are a public limited company incorporated and domiciled in India. Our shares are publicly traded on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). Our Company complies with Section 134 of Companies Act, 2013 and Clause 49 of the listing agreement of Securities and Exchange

Board of India (SEBI) for identifying and managing risks. Our Board of Directors annually reviews and approves the risk management framework. The Risk Management Committee (headed by the Director and President – International Operations) evaluates the efficacy of the framework vis-à-vis risk identification and mitigation. Based on the Committee’s recommendations, the Board defines the risk appetite and tolerance of our Company and the same is used as a benchmark for identification, assessment, monitoring, reporting, measurement, control and mitigation of all enterprise risks.

ERM Process

The process of ERM at JK Tyre consists of multiple components, as illustrated below:



Risk Management Principles

- **Integrated:** ERM is an integral part of all activities at JK Tyre.
- **Comprehensive:** A comprehensive and consistent approach qualifies comparable results of the Enterprise Risk Framework.
- **Inclusive:** Involving all stakeholders enables them to contribute with their knowledge, views and perceptions.
- **Dynamic:** Considering risks that arise

from or change due to external and internal contextual issues assists in delivering appropriate responses in a time-bound manner.

- **Best available information:** Including historic and current data, together with future expectations as inputs for ERM, helps in timely dissemination of clear and informed responses to relevant stakeholders.
- **Continual improvement:** The framework is continually improved through learning and experience.

Mitigation and Preparedness

Risk management is central to the business planning and review cycle of our Company. Our policies are designed to provide reasonable assurance that objectives are met by: (a) integrating management control into daily operations; (b) ensuring compliance with legal requirements; and (c) safeguarding the integrity of our Company's financial reporting and related disclosures.

Key Risks, Impact and Mitigation Measures

Nature of Risk	Impact	Mitigation
Economic	Regulatory changes affect businesses in domestic as well as overseas markets. During FY 2017-18, the world's trade environment witnessed uncertainty due to geo-political pressures and re-negotiations of trade treaties. This also impacted the purchasing power in certain countries where we export our products. Further, Chinese imports continue to impact the domestic market, though the threat was partially offset by the imposition of the anti-dumping duty.	<ul style="list-style-type: none"> We identify markets that are relatively stable and make every effort to enhance sales in those regions. We expand our product range in various segments and deploy new and additional sales and service teams.
Raw material availability	We face risks around raw material availability on the occasions of domestic and international supply-demand mismatch. During FY 2017-18, there was a shortage of carbon black due to global and domestic supply constraints.	<ul style="list-style-type: none"> We enter into long-term collaborations with major suppliers. We continuously explore and develop new and alternative sources. We procure vital raw materials that are short in supply, well in advance.
Operational	Risks such as equipment obsolescence, power and water shortages, among others, arise in the daily functioning of our business and can impact output.	<ul style="list-style-type: none"> We consistently undertake preventive maintenance and monitor equipment obsolescence on a regular basis. We make continuous investments in modernisation of equipment across all locations. We ensure backup power arrangements. We also partner with various power generation companies to guarantee uninterrupted power supply. We address water shortages by reducing our water consumption and undertaking water-positive measures such as rainwater harvesting and water recycling.
Market	Volatility in demand can result in losses or suboptimal performance for our Company.	<ul style="list-style-type: none"> We actively observe market demand on a real-time basis through automated connectivity with OEMs, dealer network and other stakeholders in the value chain. We consistently expand our network, enter into partnerships with channel partners and launch new products. We keenly focus on customer retention and growth, brand building, and consumer education and awareness to enhance demand for our products; we also significantly increase customer connect through e-portals.
Technology	Retaining a competitive edge requires timely innovations that increase speed-to-market, constant evaluation of energy consumptions and plant productivity parameters, while benchmarking products with the world's best parameters and implementing timely capacity expansion. Decreased speed-to-market allows our teams to reach consumers with new products and services ahead of our competitors.	<ul style="list-style-type: none"> We track the rapidly changing customer preferences and develop new technologies based on future customer needs and market requirements. We consistently upgrade our facilities, upskill our employees and bolster our infrastructure. We make extensive use of the knowledge available through international experts and networks.

Internal Controls

Since inception, we have laid down a system of internal controls that is commensurate with the size and nature of our business. Adequate and effective checks are in place to ensure that financial data is accurate and reliable. This internal control system ensures that the assets and interests of our Company are well protected.

Internal audits are carried out throughout the year, based on a systematic

plan that covers all functions and aspects of the business. The internal audit reports are then reviewed by the senior management. These, together with the subsequent measures taken against them, are placed before the Audit Committee. The Committee undertakes a detailed review of the audit observations and actions, ensuring efficiency in the internal audit system. In turn, the Committee's recommendations are applied and monitored.

Our Information Technology (IT) system is based on a robust Enterprise Resource

Planning (ERP) system, warranting seamless connectivity of plants. Sales offices and the head office facilitate faster and more reliable processing of transactions, besides generating reports for prompt decision-making. Our Company also implemented a strong management reporting system that serves as the backbone of the monitoring system, ensuring that improvement projects are continuously taken on and business results are achieved.

Your Trusted Travel Partner

At JK Tyre, we do not just sell tyres, we build lasting legacies. With our extensive distribution and service network, we are your most reliable companion for the road.



We partner your travel stories, making every ride you take smooth, effortless and above all, memorable. As a brand, we are committed to be an end-to-end global tyre solutions expert.

Superior Brand Recall

Digital

Today, digital marketing is emerging as a strong pillar for building conversations, engaging customers and driving preference, loyalty and strong equity. Through our efforts to be one of the most prominent brands on the digital medium, we have been expanding our social presence and engagement with target audiences through innovative digital activations.

Radio

Radio has proven to be very effective in promoting newer schemes and building

better brand awareness. 'Radio Khushhaali' is a unique initiative by JK Tyre to reach out to the farmers of Rajasthan, Uttar Pradesh, Haryana, Maharashtra, Punjab, Bihar and Madhya Pradesh, using humourous and entertaining content that subtly conveys the benefits of our farm range. This first-of-its-kind initiative in the Indian tyre industry has helped us reach out to farmers and enhance our brand image.

Campaigns

'Abse tyres main sirf JK is OK' is one of our high-visibility campaigns for the two-wheeler category that has been well received by the trader community and customers. Our campaigns for the PCR tyre category have garnered substantial brand visibility, with higher return on investment as compared to our competitors.

To build awareness among mechanics, we rolled out the '2 Wheeler ka Don' van campaign across India in a phased manner. The idea was to connect with mechanics and inform them about puncture-repair techniques, while showcasing our two-wheeler range.

We are one of India's largest tyre suppliers to deal in all major market segments, namely, Replacement Market, Original Equipment Manufacturers (OEMs), State Transport Undertakings (STUs) and National Defence.

Expansive Retail Network

Besides a strong pan-India presence of 4,000 distributors, we have an extensive service reach in overseas markets. Some of our marquee retail projects are listed below.

- We have 38 JK Tyre Truck Wheels – fully-equipped truck tyre service centres offering 'Total Tyre Solutions' – strategically located near highways.
- JK Tyre Steel Wheels exclusively deal in PCR tyre retailing. There are more than 294 such outlets at present and they contribute significantly to our total PCR sales.
- Xpress Wheels services customers in rural regions, small towns and

semi-urban markets. Currently, there are 45 Xpress Wheels. In addition to PCR tyres, Xpress Wheels also transact in farm and two- and three-wheeler tyres.

- Our Fleet Management (FM) programme provides comprehensive mobility solutions to customers. The objective of the FM programme is to provide the 'right support at the right time for long- term gains'. Over 1,386 fleet operators are associated with us. Our 'selling per mile' concept, wherein operators do not purchase tyres from us but hire the same on a pay-per-km basis, is also gaining ground.
- Our products are also sold through more than 580 fuel retail outlets of Indian Oil

and Hindustan Petroleum across India. This allows us the opportunity to reach out to potential customers far and wide.

- Our Technical Service teams constantly provide pre- and post-sales services relating to customer education and engagement. A major share of our business is contributed by Original Equipment Manufacturer (OEM) partners and we leverage this association to reach a large number of end users through product-oriented activities.

Tyre Care and Maintenance

Tyre performance varies in accordance with different factors such as service operating conditions, loads carried, driving habits, tyre inflation pressure maintained and others. Apart from this, right tyre selection for the correct application also plays an important role. Thus, a tyre correctly selected for its intended application and properly maintained will not only result in lower running cost by covering longer distances with better fuel efficiency, but also enhance road safety and further our endeavour to save the environment.

We are one of India's largest tyre suppliers to deal in all major market segments, namely, Replacement Market, Original Equipment Manufacturers (OEMs), State Transport Undertakings (STUs) and National Defence. Thus, the onus to raise awareness on basic tyre care and maintenance practices among our valued customers (end-users, channel partners and their staff, commercial vehicle drivers, vehicle manufacturer officials and dealership personnel, STUs and their technical/



maintenance staff, defence units, tyre fitters and re-treaders) resides with us. We undertake training programmes that focus on the following important parameters (depending on the nature of audience):

- Selection and importance of the right tyre for application.
- Recommended tyre mounting and demounting practices.
- Maintenance and importance of correct tyre inflation pressure.
- Visual inspection to detect early warning signs.

- Tyre wear nature and its implications.
- Importance of Tread Wear Indicator (TWI).
- Tyre care and maintenance practices such as rotation, wheel alignment and balancing.
- Recommended tyre repair and re-tread practices.
- New technological advancement in tyre technology (such as TBR tubeless tyres).

Bringing Global Motorsports to India

We began investing in motorsports three decades ago, with the grand vision of making it a sport for the 'aam aadmi', while also undertaking brand-building exercises. Today, our Company is synonymous with racing and various premier motorsport events, generating brand goodwill. We have also succeeded in creating world-class racing infrastructure across the country – already becoming a part of our legacy. Some of our flagship initiatives to popularise motorsports in India, undertaken during FY 2017-18 are listed below:

- JK Tyre – Federation of Motor Sports Clubs of India (FMSCI) National Racing Championship celebrated its 20th anniversary in a manner befitting the occasion at the iconic Buddh International Circuit in Delhi NCR. The programme hosted over 25,000 spectators, who witnessed the thrilling Euro JK 17 cars in action at the grand finale of the Championship. Additionally, among the several newcomers who debuted during the event, 17-year-old Mira Erda emerged as the first Indian girl to race in the International Euro JK 17 formula car.
- We collaborated with the global automobile giant, Suzuki, to incorporate a two-wheeler racing series in the National Racing Championship. The association has brought us closer to our potential customers in the two-wheeler segment, establishing our brand as well. Further, it reinforces our brand commitment and positioning of being a youthful and adventurous leader in the tyre industry.
- We also partnered with Suzuki to sponsor the Suzuki Gixxer Cup, a two-wheeler racing platform, announcing our entry into the two-wheeler tyre business. Participants tested their mettle against some of the continent's finest bikers who have competed at the Asia Cup of Road



Racing, with India's Sai Rahil scoring a double to grab the title. There was pulsating action in the form of the JK Super Bike races in two categories of 600cc and 1000cc. There was a separate leg for the youth, known as the JK Tyre Red Bull Road to Rookie Cup, where the winner received a chance to race against the world's best bikers in Spain.

- 'JK Tyre Vroom 2018', a drag racing championship, was held in Bengaluru, attracting the best drag racers from all over the country. The quarter-mile dash saw Hayabusas and Lamborghinis in motion.
- We launched 'JK Tyre Orange 4x4 Fury' and the Festival of Speed in Arunachal Pradesh. It represents a significant effort to bring motorsport to Northeast India. These events have grown popular among India's top off-roaders and rallyists who wish to compete in tough, unknown terrains.
- 'JK Himalayan Drive' is the only tri-nation Time-Speed-Distance (TSD) rally in India, where participants drive across borders through Nepal and Bhutan.

- We also furthered the cause of road safety through our 'Rally for Parliamentarians' event in New Delhi, where more than 50 Members of the Parliament participated.

Over the last three decades, we have been championing the role of promoting motorsports in India. Be it charting roads to nations with JK Himalayan Drive, burning rubber at drag racing in Bengaluru or supporting the cause of road safety at the constitution rally for parliamentarians, we continue to invest extensively in developing an infrastructure for motorsports in India.

Manufactured with a Difference

Creativity and research excellence are the driving forces at JK Tyre, contributing substantially to our performance and growth. We passionately work to consistently improve processes and products through our knowledge and skill.

We are strongly committed to a comprehensive technology growth. We aspire to be a global tyre manufacturer, driven by technology excellence, as we make our products future-ready.

Our dedicated team innovates quality products by understanding application needs and leveraging advanced technologies with the help of applied research in laboratory units as well as manufacturing facilities. We focus on advanced and alternate materials, nano technology, process and product simulation, predictive technology, advanced tyre mechanics, tyre characterisation, optimisation of raw material consumption and recyclable resources and their efficient usage.



Core Areas of Innovation

Product (TBR)

- Best-in-class products ensuring mileage and durability.
- Innovative value engineering.
- Enhanced product range for global market, meeting international standards.
- Digitisation for superior performance.
- Strategic milestones to achieve eco-friendly products.

Product (Passenger Car Radials and Light Truck Radials)

- Continuous enhancement of product range for each segment.
- Critical focus on eco-friendly products.
- Enhanced presence in global markets through globally competitive products.
- Aggressive penetration in Latin America (LATAM) and North American Free Trade Agreement (NAFTA) OEMs.
- Innovative development of new technologies to establish digitisation concepts and enhanced safety approach.
- Leadership through innovation.

Process Technology Excellence

- Application of connected enterprise for process excellence.
- Focussed approach towards zero defects.
- Enhanced automation and robotisation for quality consistency.
- Focussed energy conservation to be world-class.
- Skill development through continuous training for quality excellence.
- Global benchmarking to achieve best-in-class process control parameters.

Towards Matching Global Standards

We have initiated a Global Innovation and Tech Centre in Europe (Milan, Italy) to expand our international presence and grow in the vicinity of acclaimed global tyre manufacturers. This helps us attract a diverse and rich pool of talent from the region, creating a robust team to drive innovation at JK Tyre.



Raghupati Singhanian Centre of Excellence, Mysuru, Karnataka

Our state-of-the-art research facility, Raghupati Singhanian Centre of Excellence (RPSCOE), is a step towards creating a global R&D hub in India. Spanning 10,000 sq. m., RPSCOE houses our two most advanced tyre technology entities.

1. Hari Shankar Singhanian Elastomer and Tyre Research Institute

(HASETRI): An independent research institute established to fulfil India's need for developing newer and better technologies for elastomer and tyres.

2. JK Tyre Tech Centre: An advanced product development centre that caters to the current and emerging needs of customers; it is engaged in product design, development, validation and industrialisation using the most sophisticated tools and techniques covering various tyre categories such as passenger car radial, light truck radial, light truck bias, truck/bus radial, farm and off-the-road.

Apart from these two research facilities, we also run RPSOCE for tyre and vehicle mechanics. This is an R&D centre set up in partnership with Indian Institute of Technology (IIT), Madras, and a perfect example of an industry academic institute collaboration.

We are India's first company to install an anechoic chamber to monitor Noise, Vibration and Harshness (NVH) at the centre.

Responsible Tyre Manufacturing

A sustainable society is founded on equal access to healthcare, nutrition, clean water, shelter, education, energy, economic opportunities and employment. In this ideal society, human beings live in harmony with their natural environment, conserving resources for the existing and forthcoming generations. Each citizen enjoys a high quality of life and there is social justice for all.

Cognisant of the gaps between the world we live in and this ideal green habitat we aspire for, our material research focusses on lowering GHG emission during production as well as use. HASETRI continuously works to prevent pollution and conserve natural resources. Given the crude oil-consuming nature of the tyre industry, HASETRI has developed an alternative bio oil that reduces consumption of fossil fuel, without compromising tyre performance. It has also obtained the patent for this research breakthrough.

Further, improved mileage and overall tyre safety comprise the focal points of our research. We are developing tyres with reduced rolling resistance and wet and dry traction that do not impact mileage. We are also aiming to develop ultra-low rolling-resistant, fuel-efficient tyres, without affecting wet and dry traction, ride safety and handling.

Category-driven and Future-ready

We approach each unique tyre category with strategic technology plans. A pioneer in radial technology in India, we have been enhancing our reach to Original Equipment Manufacturers (OEMs) with a wider range of products, expanding to newer vehicle segments and markets.

We are also in the process of adapting to the challenges of high fuel efficiency and low noise brought about by electric mobility and other emerging technologies and urban infrastructures. HASETRI is working with nano technology and



developing new-generation compounds to meet such stringent requirements and support the growth of JK Tyre.

Globally-compliant

Our innovation expertise qualifies and exceeds international standards. Having acquired global certifications along with country-specific developments, we possess a strong product offering for every continent. Our products meet all the stringent performance requirements of Europe, the Gulf nations, Brazil and Russia, among others. For instance, our complete product range of Truck/ Bus Radial (TBR) and Passenger and Light Truck (PLT) tyres complies with the requirement of Regulation 117 of Economic Commission of Europe. Some of our other key certifications are:

- Nom Certification, China
- SNI Certification, Indonesia
- INMETRO Certification, Brazil
- Gulf Cooperation Council Standardisation Organisation, GCC
- Department of Transportation, US
- Saudi Standards, Metrology and Quality Organisation, Saudi Arabia

Key Product Launches

- Jetway JUH 5, an unbeatable champion of rib tyres in India: It performed at a top speed of 164 kmph and is approved for the British truck racing championship.
- Tyres for Bajaj Platina Comfortec: It offers one of the lowest rolling resistances in the industry.
- Shresth, an innovative design technology for farm tyres (patented by Design Centre): It ensures higher traction, maximum hour age, dual application, biggest dimensions and aesthetics.
- Premium, white-lettered Sport Utility Vehicle (SUV) tyres: Launched under the Ranger brand, these were widely appreciated by customers.
- Taxi Max range was introduced with the promise of a mileage of over 1,00,000 km, together with unconditional warranty.
- BlazeRydr flagship range of tyres: These are for high-end, high-speed motorcycles.

Creating a Great Workplace for All

We firmly believe that the real differentiator for business excellence are our human assets.

We have accorded human resource management the highest priority, evolving it from a business support function to the core of our competitive strategy. High level of engagement and passion for excellence, coupled with sharp skills and competencies, contribute to our objective of sustained performance.

We consistently benefit from the experience and diversity of our key personnel and employees, many of whom have extensive industry expertise. As of March 31, 2018, we had 11 doctorates, 32 scientists and 472 business administration and 953 engineering professionals engaged in our operations. Simultaneously, we had 6,655 full-time employees, of whom 5,528 have been with us for more than three years.



86%
Of employees have worked with JK Tyre for more than three years (on an average)

5 human-days
Training per employee in FY 2017-18

37 years
Average age of employees

1.35 lakh
Cumulative industry experience

Share of Full-time Employees

Category	FY 2015-16	FY 2016-17	FY 2017-18
Management cadre staff	2,025	2,052	2,026
Staff/ Sub-staff/ Workmen	4,820	4,767	4,629
Total full-time employees	6,845	6,819	6,655

Head Count	Category	Location	KTP		BTP		VTP		CTP	
			Executives	Workmen	Executives	Workmen	Executives	Workmen	Executives	Workmen
Total number of new employee hires	Age group	< 30 yrs	11	0	56	0	35	14	5	157
		30-50 yrs	6	15	10	0	7	2	6	0
		>50 yrs	3	4	0	0	1	0	0	0
		Total	20	19	66	0	43	16	11	157
	Gender	Male	20	19	66	0	43	16	11	157
		Female	0	0	0	0	0	0	0	0
		Total	20	19	66	0	43	16	11	157

Head Count	Category	Location	KTP		BTP		VTP		CTP	
			Executives	Workmen	Executives	Workmen	Executives	Workmen	Executives	Workmen
Employee Turnover	Age group	< 30 yrs	5	0	48	0	10	0	9	203
		30-50 yrs	4	0	12	56	10	0	18	0
		>50 yrs	2	0	2	13	4	0	0	0
		Total	11	0	62	69	24	0	27	203
	Gender	Male	11	0	62	9	23	0	26	203
		Female	0	0	0	0	0	1	1	0
		Total	11	0	62	9	23	1	27	203

A Study of the Average Per-head Training Hours

Location	Category	Average Training Hours Per Head (Category)	Gender	Average Training Hours Per Head (Gender)
VTP	Executive	40.79	Male	21.85
	Workers	16.80	Female	20.95
KTP	Executive	42.40	Male	59.28
	Workers	16.88	Female	16.00
CTP	Executive	58.82	Male	30.40
	Workers	23.80	Female	48.30
BTP	Executive	40.48	Male	18.89
	Workers	15.53	Female	0.00

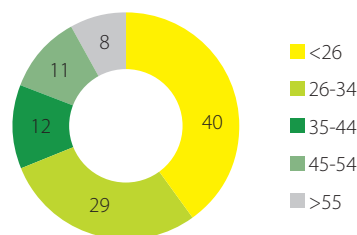
Location	Category	Head count	Training Man-days	Average Training Per Head	Gender	Head Count	Training Man-days	Average Training Per Head
VTP	Executives	403	2,055.00	5.10	Male	1,896	5,179.00	2.70
	Workers	1,514	3,179.00	2.10	Female	21	55.00	2.60
	Total	1,917	5,234.00		Total	1,917	5,234.00	
KTP	Executives	183	970.86	5.30	Male	1,145	3,009.29	7.41
	Workers	963	2,040.43	2.11	Female	1	2.00	2.00
	Total	1,146	3,011.29		Total	1,146	3,011.29	
CTP	Executives	258	1,896.80	7.40	Male	1,354	5,145.50	3.80
	Workers	1,100	3,272.80	3.00	Female	4	24.15	6.00
	Total	1,358	5,169.60		Total	1,358	5,169.65	
BTP	Executives	216	1,093.00	5.06	Male	1,606	3,792.00	2.36
	Workers	1,390	2,699.00	1.94	Female			
	Total	1,606	3,792.00		Total	1,606	3,792.00	2.36

Diversity and Inclusion

We provide an equal opportunity workplace. Our people practices help create an inclusive and performance-oriented work culture within the organisation. Nurturing a great diversity in race, nationality, religion, gender, age, language, thought, culture, values and physical ability, we harness agility and creativity across all business processes. We recognise and respect everyone’s civil, economic and fundamental rights and fully comply with labour norms and prevailing fair practices. As evidenced in all manufacturing units in a unionised work environment, we also recognise freedom of association, employee

participation in management and collective bargaining. We incorporate transparency and accountability across all our practices and help each individual reach their full potential.

AGE DIVERSITY (%)



We consistently benefit from the experience and diversity of our key personnel and employees, many of whom have extensive industry expertise. As of March 31, 2018, we had 11 doctorates, 32 scientists and 472 business administration and 953 engineering professionals engaged in our operations.



Discipline and Ethics

Ethical business rules are applicable to all employee interactions within and outside the organisation, including those with customers, suppliers and other external parties. These ethical codes cover a wide range of guidelines pertaining to business courtesies, conflict of interest activities, confidential and proprietary information, and use of company property and technology. Any instance of inappropriate behaviour is subject to appropriate disciplinary action.

Besides a documented code of conduct for Management Cadre Staff, we have broadly executed standing orders regarding various anti-discrimination laws for our workers across all locations. We have adopted the Prevention of Sexual Harassment at Workplace (SHAW) policy

to ensure the safety of women within our organisation. Compensation levels are determined solely on the basis of qualification, experience, skillset and performance. All our plants are certified for Social Accountability Standard (SA) 8000, underlining our good employer practices.

Productivity and Growth

Increased industry competition has translated into a significant need to retain intellectual capital, enhance work efficiency and productivity, and proactively adapt to a rapidly changing business environment. We recruit fresh talent as well as experienced individuals, blending dynamism with years of knowledge and experience. We motivate

our people to inculcate an entrepreneurial spirit and think beyond the usual. Over the years, our Company has demonstrated a commitment towards leadership and individual development, manifested in an ongoing culture of training and skills replenishment. We adopt meticulous learning and development programmes for employees across all levels in line with JK Organisation's Competency Framework.

Three Pillars of Learning and Development



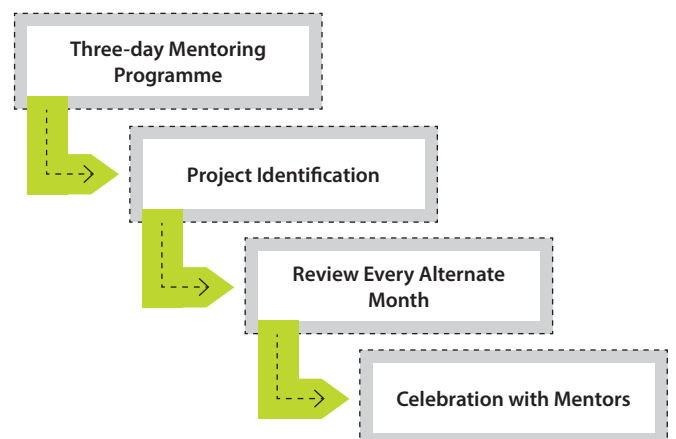
Youngage Konnect

Fostering the culture of mentoring, we launched the JK Tyre ‘Youngage Konnect’ programme, a six-month structured intervention for newly recruited Graduate Engineer Trainees (GETs).



- **Objective:** To understand the organisation’s dynamics and culture to enhance performance and interpersonal skills
- **Mentee:** GETs
- **Mentors:** Talent/ leaders identified as per pre-defined eligibility criteria
- **Programme duration:** Six months

Four-stage Process





Future-focussed 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 upskilling members of our operational staff through various safety and behavioural training activities such as fire safety drills, Kaizen and 5S methodologies, preventive maintenance and motivational programmes. Initiatives such as on-the-job competency-based functional and behavioural training interventions, and coaching and mentoring interventions facilitate robust succession planning and minimise the disadvantages of talent attrition.

We believe we have a committed employee base, as evidenced by the low rate of attrition of 5.1% for FY 2017-18.

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 (V-Connect), Skype for Business, internal social networking medium and informal interactive sessions.

We have successfully completed assessment by Great Place to Work Institute, India and has been certified as a Great Workplace. More than a sign that we meet international benchmarks for employee welfare, it is a mark of trust, pride and camaraderie that our colleagues and associates enjoy at our Company.

Collaborate to Innovate

- We promote a culture of cross-functional collaboration, encouraging teamwork and mutual respect. Cross-functional Teams (CFTs) consist of people from different functions who work together to identify and implement various projects to achieve business goals. CFTs are engaged in breakthrough and high-impact projects, Total Productive Maintenance (TPM) circles, suggestion schemes and business competitions. A Company-level inter-business competition, UDAANs is conducted every year with the objectives of unleashing creativity and innovation, fostering cross-functional team spirit, engaging young talent and capturing fresh ideas on the given theme. High-performing CFTs are honoured by the Directors and the Chairman at the Company level and by Department Heads at the unit level.
- Some of our most inventive ideas such as reducing rolling resistance and selling miles, among others, have emerged through different employees' ideas in the innovation programmes. We believe that we harbour the power to disrupt prevailing industry practices and to harness the same, we launched the 'Ideas for Game Changing Innovation' platform. It is an open-for-all employee initiative to be shared across plant locations and among field employees, with the help of internal communication channels such as our intranet, PITSTOP.



Celebrate to Engage

At JK Tyre, we work together, we rejoice together and we grow together. We celebrate all major Indian festivals and Company-level events (such as Founder's Day, Annual Sports Day, picnics and motor sports competitions, among others) together with the near and dear ones of our people to press the pause button on everyday work schedules and share the festive cheer.

We believe we have a committed employee base, as evidenced by the low rate of attrition of 5.1% for FY 2017-18.



Transforming Lives

We have always been committed to generating a lasting impact on society that extends beyond business value creation.

We are engaged in various community development initiatives such as organising health camps for the general public, supporting schools, improving rural and semi-urban infrastructure and conserving the surrounding environment, among others.

We believe responsible corporate citizenship is closely linked to our business processes. Hence, it is essential that we respond to some of the challenges faced by our business in relevant areas. The key stakeholders of our Corporate Social Responsibility (CSR) programme are populations in the vicinity of our tyre manufacturing plants, suppliers, employees, contractors, truckers and transporters.

We have initiated several projects to bring an enduring change in the lives of our neighbouring communities, through adult literacy programmes, vocational training and activities to enhance employability and improve agricultural and cattle farming practices. While our HIV/ AIDS prevention campaign targets the floating trucker population across the country, we support 10 prominent health clinics that are conveniently located for the easy access of truck drivers. At these clinics, they can avail treatment related to any ailment, including Sexually Transmitted Infections (STIs). We helped more than 20,000 patients, during FY 2017-18, from the trucking fraternity.

Rooted in Reality

Our CSR programme is perceptive of ground realities and conceived at the grassroots. We plan interventions with active participation of local communities. Need Assessment surveys are periodically conducted at all plant locations, to help identify our CSR goals. Appropriate research methodologies, including participatory rural appraisals, focussed group discussions,



personal interviews and primary and secondary data analysis, among others are used to capture community expectations. We partner with competent NGOs, government bodies and other corporate entities to enhance outreach.

We have a robust Management Information System (MIS) and feedback mechanism to ensure effective and time-bound improvements against our CSR actions. The CSR Committee periodically reviews CSR performance. The monthly, quarterly and annual progress reports are shared with the senior management for their feedback and suggestions.

We lay emphasis on the sustenance of our interventions, beyond the period of initial hand-holding. We endeavour to customise viable long-term solutions to target groups (marginalised and disadvantaged communities, particularly in rural and semi-urban areas), ensuring community ownership and adequate stakeholder engagement at all stages of project implementation.

Broadly, our social development initiatives can be categorised into five segments: education, healthcare and sanitation, sustainable livelihoods, water conservation and employee volunteering.

Education

- The adult literacy programme, operational since 2004 across all manufacturing locations of JK Tyre, has transformed the lives of more than 50,000 rural illiterate women. These women are now functionally literate – they are equipped to read and write with ease, do basic calculations, help their children study, start income-generating activities and move ahead on the path of progress and prosperity. The learning programme at Central Prison, Mysuru is a unique initiative and it has helped more than 5,500 prison inmates to achieve functional literacy. A third-party impact assessment has revealed our neo-literacy projects to be extremely successful, particularly among women.
- JK Tyre has adopted three Industrial Training Institutes (ITIs) under the Public-Private Partnership model to impart quality vocational education, benefitting more than 500 local students each academic year. This engagement has enhanced the reputation of the adopted ITIs, attracting eminent corporates and ensures almost 100% employment to these students.
- In addition to running our own school, we support schools by bringing



improvements to pedagogy, learning outcomes, digital learning and infrastructure. We help run remedial after-school classes for students, who need more attention. During FY 2017-18, to promote digital learning, we distributed 150 laptops to students attending government colleges.

Healthcare and Sanitation

- To solve the pervasive problem of open defecation, We partnered the Central Government's ambitious Swachh Bharat Abhiyan and helped build more than 1,200 toilets in rural areas during FY 2017-18. We have also ensured that these newly-built toilets are used and maintained well. Additionally, we spread awareness among communities about the consequences of open defecation through meetings, rallies, wall paintings, posters, banners and others.
- We support 1,034 People Living with HIV/ AIDS (PLHIV), including both adults and children, in Rajsamand, Rajasthan, providing them with counselling services, medicines and nutritional supplements, and educating them about various government schemes.
- We implement our reproductive and child healthcare project, Parivartan, in Rajsamand, Rajasthan. Operational since 2004, it has significantly reduced the prevailing Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR), while inculcating preventive healthcare values among marginal and disadvantaged



communities. During FY 2017-18, we supported over 9,000 patients.

- Pushpawati Singhania Hospital and Research Institute is a multi-specialty hospital, co-promoted by us. For nearly two decades, the non-profit organisation offers affordable and best-in-class medical interventions to the general public.

Sustainable Livelihoods

- Agriculture and livestock comprise the major sources of rural livelihood. To enhance on- and off-farm of poor and marginal farmers, we undertook various agriculture and cattle breed improvement programmes:
 - o Under the livestock development programme, doorstep artificial insemination, fodder development and healthcare services are provided to farmers. During FY 2017-18, our efforts yielded results in the form of 4,454 successful artificial inseminations and 820 hybrid calf births. We also provided veterinary services such as vaccination, de-worming, de-ticking and fertility treatment to nearly 20,000 cattle.
 - o We trained female farmers in modern agronomy practices and latest agri-technologies for sustainably increasing crop output and soil productivity.
- We offered a variety of location-specific and market-oriented trainings in the fields of Light Motor Vehicle (LMV) driving, mobile repair, motor winding,

personal beauty and grooming, and garment tailoring, among others to around 500 unemployed youth, thereby enhancing their employability. We believe that these small ventures have the potential to grow into successful and profitable independent enterprises in future.

Water Conservation

We have achieved the distinction of being one of the lowest water-consuming companies, establishing newer benchmarks for water consumption in the tyre industry globally. We initiate various water conservation initiatives in villages adjacent to our manufacturing locations, motivating local communities to adopt water-positive habits. We helped install 25 community water tanks, six check dams and 38 farm ponds to harvest large amounts of water for irrigating agriculture fields, recharging groundwater and providing drinking water to animals, among others. Some of our other water conservation activities (farm bunding, borewell recharge, soak pits, etc.) have benefitted more than 10,000 people.

Employee Volunteering

The culture of helping the society is deeply embedded in the DNA of JK Tyre. Our employees play a pivotal role across a range of our CSR actions, voluntarily devoting time as and when needed. They drive adult literacy classes, share their technical expertise with ITI scholars and sponsor studies of financially disadvantaged students. During FY 2017-18, on the birth anniversary of Late Hari Shankar Singhania, 1,901 employees participated in a blood donation campaign.

Water Consumption

2.42 cu.m/ tonne

We are one of the world's lowest consumers of water per tonne of tyre manufactured.

Operating Landscape

Market sentiments signal a positive run for the Indian automotive business and, in turn, its tyre sector. We continue to consolidate our position in the industry as a responsible tyre manufacturer.



Key Industry Facts FY 2017-18

Vehicle Sales

India's overall vehicles sales registered a double-digit growth, after a gap of five years, at ~15%.

While the truck and bus segment grew by 12%, sales in the Light Commercial Vehicle (LCV) segment rose by 25%. The Small Commercial Vehicle (SCV) segment that had been decelerating for the past few years, expanded by 30%, indicating that last-mile transportation is on the rise. Passenger Vehicles (PVs) recorded a nominal growth rate of 2%, riding on the popularity of compact Sport Utility Vehicles (SUVs). The Sport/ Multi-utility Vehicle (SUV/ MUV) segment surged at 19%, crossing the million mark in sales.

For the second consecutive year, tractor sales remained positive, growing at a rate of 20%. The two- and three-wheeler sector – the largest industry segment in terms of volume – expanded by 16%. These factors signal a positive run for the automotive

business in the future, thereby ushering in an encouraging phase for the tyre industry.

Tyre Sales

The Indian tyre market registered a 7% growth in volume.

At less than 2%, the truck/ bus segment declined marginally, while the truck radial segment grew by 7%. The overall level of radialisation in the truck and bus segment increased to 48%. Additionally, the imposition of anti-dumping duty for truck and bus radials (Chinese tyres) in September 2017 came as a relief to the industry. The passenger tyre segment grew at a sluggish rate of 8%. The LCV tyre segment recovered with an 11% growth, following a substantial dip in FY 2016-17, primarily due to the uptick in the radial segment. The SCV tyre market witnessed an upward movement of ~9%.

Revival in Indian agriculture helped the farm tyres segment register a growth of 10%. The two- and three-wheeler tyre segments' contribution to total tyre sales rose by 8%. Earth-mover or off-the-road (OTR) tyres exhibited a rise in demand to the tune of ~21%, for the second year in a row.

Key Performance Indicators (Consolidated)

Revenue

₹8,543 cr

9.8% ↑ (10-year CAGR)

EBIDTA

₹883 cr

12.1% ↑ (10-year CAGR)

Gross Block

₹8,849 cr

14.4% ↑ (10-year CAGR)

Annual Capacity

31.73 mn tyres

13.1% ↑ (10-year CAGR)

Company Performance FY 2017-18

Key Facts

- Demonstrated a 11% growth in volume vis-à-vis the industry average of 7%.
- Increased renewable energy usage to 37%.
- Expanded market presence across categories, especially in truck, light truck, SCV, farm and OTR tyres.
- Enhanced outreach significantly through channel growth in JK Steel Wheels – our brand outlets.
- Improved brand mindshare and customer engagement through a differentiated communication strategy, brand activations and consistent media presence.
- Augmented brand connectivity with customers across segments through new digital platforms and leveraged digital media to amplify various marketing initiatives.
- Recognised as an 'Extraordinary Brand' at the Brand Vision Summit 2018 and continued to be the only Indian tyre maker to be listed as a 'Superbrand'.

Business Review

Truck/ Bus Bias and Radial:

We continued to pioneer the truck radial segment by offering best-in-class products to customers and increasing the geographical reach of services.

We increased our total number of customer touch points through the growing JK Tyre Truck Wheels network. These are brand outlets that provide complete tyre care solutions to truck customers including alignment/ balancing/ tyre changing and information/ air care with quick turnaround times.

Our unique three-tiered offerings and brand strategy in truck radials and two-tiered structure in truck bias enabled us to deepen our foothold in those segments. In line with changing market needs and consumer preferences, we introduced products for the moderate- to heavy-load segment in both bias and radial.

We engaged our customers through regular product-specific campaigns in target markets and strengthened customer communication through interactive meetings, road shows, retail displays and wall paintings.

Our JK Tyre Fleet Management programme has benefitted a large number of fleet operators for more than a decade. Dedicated JK Tyre personnel continue to provide technical consultancy and awareness on tyre usage, enabling customers to save on tyre costs.

Passenger Vehicles: We adopted a multi-pronged strategy focussed on amplifying the brand, widening retail reach and enhancing customer connect. During FY 2017-18, we emphasised retail expansion across urban, semi-urban and rural markets through 100+ JK Tyre Steel Wheels outlets, forging a network of 294 Steel Wheels and 45 Xpress Wheels.

Two-and Three-Wheelers: Our campaign, 'Ab Se Tyres Mein Sirf JK is OK', caught the imagination of target audiences. We registered a growth of 63% in this category, consolidating the gains in our second year of operations in the segment.

We utilised this theme to deliver a seamless marketing campaign encompassing electronic media and

below-the-line activities that included high visibility through retail merchandising. We also conducted a field campaign, '2 Wheeler Ka Don', for market influencers such as mechanics and fitters across different states.

LCV/ SCV: Growth in e-commerce, education, hospital and hospitality sectors led to an upsurge in LCV sales. During the year, we conducted customer-centric marketing campaigns in top 800 LCV and SCV stands and unions across various states in India.

We targeted large school bus fleets through the 'Back to School' campaign. It focussed on driver training and maintenance driving at top schools across the country to raise awareness about JK Tyre and our commitment to ensure safety of school buses.

Financial Review

FY 2017-18 witnessed an unprecedented increase in crude oil prices and together with pre- and transitory Goods and Services Tax (GST) implementation effects, it had a major impact on production costs and margins of the companies in the tyre industry, including JK Tyre. We, along with our subsidiaries, on a consolidated basis, recorded a turnover of ₹8,543.41 crore with Profit Before Tax (PBT) at ₹106.81 crore. On a standalone basis, JK Tyre achieved a turnover of ₹6,610.95 crore, with PBT at ₹63.85 crore.



Turnover and PAT (₹ in crore)

Particulars	As on		As on	
	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018
	Standalone		Consolidated	
Turnover	6,667.17	6,610.95	8,383.28	8,543.41
Operating profit (PBIDT)	805.62	519.79	1,197.84	883.18
Finance costs	267.58	274.12	440.36	465.50
Profit before Tax (PBT)	459.70	63.85	535.24	106.81
Tax expenditure	127.57	20.76	155.42	43.89
Profit after Tax (PAT)	332.13	43.09	379.82	62.92

Payment for Employee Benefits (₹ in crore)

Particulars	FY 2016-17	FY 2017-18
Employee benefits (including retirement benefits)	556.51	533.60

Payments to Providers of Capital (₹ in crore)

Particulars	FY 2016-17	FY 2017-18
Finance cost	267.58	274.12
Proposed dividend	56.70	34.02
Total	324.28	308.14

Payments for Community Investments (₹ in crore)

Particulars	FY 2016-17	FY 2017-18
CSR expenditure	4.35	4.56
Donations/ contributions	0.26	5.10

Capital Employed (₹ in crore)

Sl. No.	Particulars	As on		As on	
		March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018
		Standalone		Consolidated	
(a)	Equity (net worth)	1,673.95	1,644.29	2,109.79	2,103.11
(b)	Debt				
	Long-term borrowings	1,637.28	1,457.75	3,570.32	3,126.45
	Short-term borrowings	1,494.54	1,522.38	1,805.74	1,862.2
	Payable in one year	243.03	517.95	278.59	822.63
	Total debt (b)	3,374.85	3,498.08	5,654.65	5,811.28
(c)	Capital work in progress	131.24	83.31	321.22	308.51
	Capital employed (a+b-c)	4,917.56	5,059.06	7,443.22	7,605.88

Being a Green Company

Our environment is rich with lush greenery and opulent blue that we often take for granted. We are bestowed with air that is permeated by the fragrance of plants and the freshness of the early morning mist.

We are beholden to aesthetically appealing scenic views, while basking in the joy of sharing the planet with myriad animal species.

Industrialisation, while important for the economic growth and development of a society, can prove to be detrimental to our environment. Among other things, industries can generate climate change; pollute air, water and soil; cause health issues and even extinction of species. It is imperative that firms invest in protecting the environment's health and conserving the natural ecosystem of the planet.

At JK Tyre, we aspire to preserve the environment for future generations. We strive to adopt an eco-friendly approach to resource management, bearing in mind the complex inter-relationships of an ecosystem. Our decision-making process involves more than simply responding to specific issues and challenges. We collaborate with a broad range of stakeholders to support better exchange of information, development of conflict-resolution strategies and holistic conservation practices. We continue to balance our operations in harmony with nature, while improving the quality of life for all.



Our 10 Commandments of Natural Capital

During the next decade, we will:

1. Reduce specific consumption of energy and water by 2-5% every year.
2. Decrease specific generation of waste, including the quantum of waste going to landfills, by 2-5% every year.
3. 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.
4. Increase the use of biodegradable resources in our products by 2-5% every year.
5. Maximise the share of harvested rainwater in the overall annual use of water by 2-5% every year.
6. Incorporate life cycle assessment criteria for evaluating new and alternative technologies and products.
7. Strive to adopt green purchase policy and incorporate latest clean technologies.
8. Take the lead in promoting and managing product stewardship, by forging partnerships with businesses and communities.
9. Reduce depletion of natural capital, which is directly attributable to our activities, products and services by 2-5% every year.
10. 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.

As articulated in our Mission statements, we are committed to our goal of being 'a Green Company'. We focus on energy conservation, under the framework of ISO 14001 – Environment Management System (EnMS). We invest in new technologies to improve performance and enhance resource efficiencies. It is our conscious effort to significantly mitigate environmental challenges and contribute towards the welfare of the ecosystem.

For the last four years, all our plants have been certified by Confederation of Indian Industry (CII)-GODREJ with Greenco Awards. Our ongoing greening initiatives include: plantation of over 10,000 trees every year, life cycle assessment of products, green supply chain for logistics and carbon footprint measurements as per ISO-14064:2006. We have initiated and achieved EnMS ISO-50001 at all locations. In addition, we focus on strengthening our Reduce-Recycle-Reuse (RRR) philosophy and attaining the lowest-ever plant waste.

We constantly endeavour to achieve improved process excellence. To further our efficiencies, we have set up teams at our plants for cross-learnings in the fields of energy and waste management. Our processes contribute to better output on the back of smart manufacturing, value engineering and digitalisation. We engage in automation, Internet of Things (IoT) and big data across shop floors and other key areas for optimising resource and capacity utilisation. One of our plants received Total Productive Maintenance (TPM) Consistency Certification from Japan Institute of Plant Maintenance (JIPM), Japan, motivating us to achieve the highest level of consistency in quality and robustness in operations.

We have an established system under ISO 14001:2015 through which environmental

Energy Efficient

10.2 GJ/ tonne

We are among the top four energy-efficient tyre companies in the world.



risks and their impacts are identified and appropriate assessment is carried out and periodically reviewed. The purpose of this procedure is to launch and maintain procedures to identify the environmental hazard aspects of activities, assess risk and determine control across products and services that can be influenced.

Energy

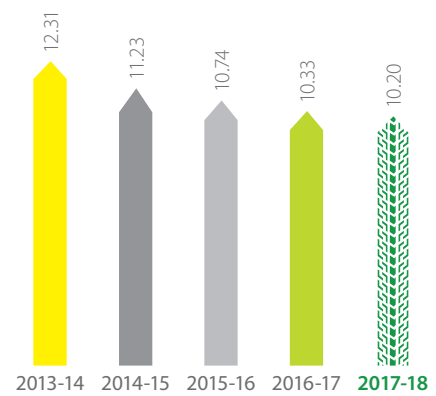
Energy conservation is one of the most valued principles at JK Tyre. We continue to give major emphasis on conservation of energy and sustaining the measures taken during the previous years. Resource optimisation with lower wastage is key to our energy efficiency activities. Large-scale conversion of conventional power to highly energy-efficient sources (such as efficient lighting system) is one of the major changes that we have adopted across the organisation. Some of our other key green and clean energy initiatives are as follows:

- Installed a cumulative capacity of 6.5 MW of solar rooftop capacity at the

Chennai Tyre Plant (6 MW), Chennai and Vikrant Tyre Plant (0.5 MW), Mysuru

- Procuring wind power for our Chennai and Mysuru plants
- Installing solar capacity of at least 3 MW at our plants in Banmore and Kankroli

TOTAL ENERGY CONSUMPTION TREND (IN GJ PER TONNE OF FINISHED PRODUCT)





During FY 2017-18, we achieved another milestone in energy conservation. We consumed energy worth 10.20 GJ per tonne of production – making us one of the top four energy-efficient tyre companies worldwide. This represents a 2.25% increase in energy savings, as compared to the previous year.

The total energy consumption for the reporting year stood at 29,61,586 GJ, of which coal-based energy comprised 67% and power 31%. We met 37% of our power requirements from renewable sources (wind and solar) as compared to 21% in FY 2016-17.

Our focus on GHG emissions has resulted in 27% reduction in specific CO₂ release

as compared to the last year. Our energy conservation programme is rigorously monitored with swift course correction. We are the first Indian tyre company that is certified by British Standards Institution (BSI) for Carbon Footprint Verification (CFV) every year as per ISO 14064.

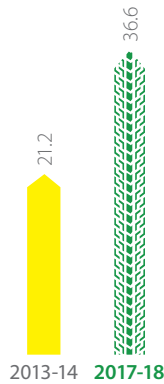
Energy Consumption (in GJ)

Type of Energy	2016-17	2017-18
Electricity	8,94,870	9,03,589
Fuel		
Coal	19,00,078	20,14,776
High-speed diesel/ furnace oil	42,365	28,893
LPG	13,229	14,327

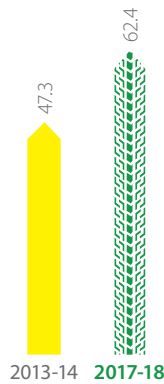
Share of Plants in Energy Consumption (in GJ)

Location	KTP		BTP		VTP		CTP	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
Direct energy	4,55,580	4,94,119	2,59,698	2,93,727	7,63,901	8,39,834	4,76,492	4,30,316
Indirect energy	1,69,455	1,65,029	1,18,113	1,35,665	3,12,151	3,21,480	2,95,151	2,81,415
Total energy consumption	6,25,034	6,59,148	3,77,812	4,29,393	10,76,052	11,61,314	7,71,643	7,11,731

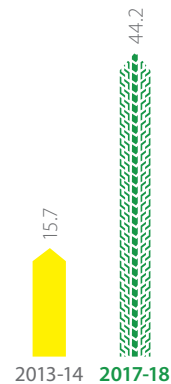
CONTRIBUTION OF RENEWABLE POWER IN TOTAL ENERGY CONSUMPTION (JK TYRE)



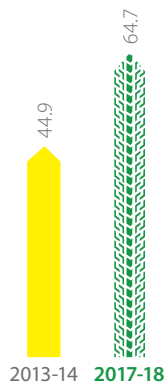
CONTRIBUTION OF RENEWABLE POWER IN TOTAL ENERGY CONSUMPTION (VTP – PLANT I)



CONTRIBUTION OF RENEWABLE POWER IN TOTAL ENERGY CONSUMPTION (CTP)



USES OF RENEWABLE ENERGY AS A CONTRIBUTION OF TOTAL ENERGY (VTP – PLANT II)



Emissions

Global warming is a worldwide phenomenon characterised by prolonged seasons, extreme changes in weather patterns, rise in ambient temperatures and increasing incidence of floods and draughts. GHG emissions is a leading cause of climate change. India is highly vulnerable to extreme weather events and has much at stake in the success of any global agreement to combat climate change. According to Intergovernmental Panel on Climate Change (IPCC) and other projections, climate change will slow the nation's economic growth, impact health

and development and hamper poverty alleviation, while threatening food security.

We seek to design, manufacture and distribute our products and services in a green manner. We believe in quantifying GHG emissions through a value-addition process, as a first step towards systematically lowering these emissions. This involves:

- Guaranteeing conformance with ISO 14064-1:2006.
- Safeguarding that this information is used to prepare GHG reports that are relevant, complete, consistent, transparent and accurate.

- Ensuring availability of resources to enhance GHG performance, while building a conducive corporate culture.
- Aligning employee competencies to the needs of this system and inculcating an improvement mindset within the organisation.

Monitoring our carbon footprint is a key part of our pledge to preserve the environment. In line with the Indian Government's commitment under the 2015 Paris Agreement, we are the first Indian tyre company to have verified our carbon footprint (as per international standards) consistently for the last four years. This has

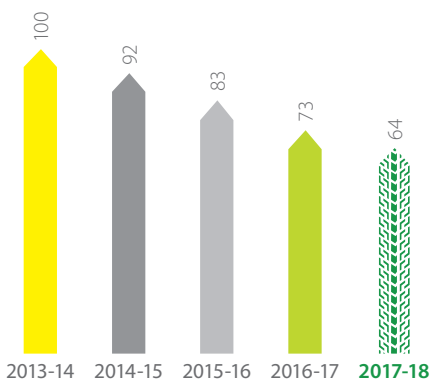
resulted in over 36% reduction in GHG emissions over the base period (FY 2013-14).

The GHGs relevant for the four locations are carbon dioxide, methane, nitrous oxide and hydro-fluorocarbons. In demarcating the operational boundaries for our Company, we recognise that GHG emissions emanate largely from: (a) fossil fuel consumption across our facilities' boilers and other business processes; (b) consumption of electricity and steam; (c) diesel consumption in Diesel Generating (DG) sets; and (d) refrigerant gas consumption in chillers and air-

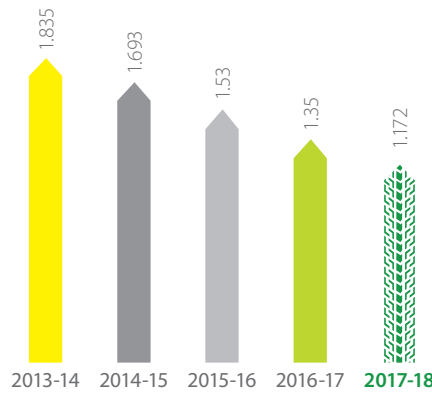
conditioning units. Energy efficiency projects and plantations within our organisational boundary may act as sinks. Using the operational control approach, we account for all quantified GHG emissions and/ or removals from the operations over which we have control. Source of the emission factors, together with the Global Warming Potential (GWP) rates used or a reference to the GWP source, as well as standards, methodologies, assumptions and/ or calculation tools used, have been clearly documented in our GHG Annual Report 2017-18.



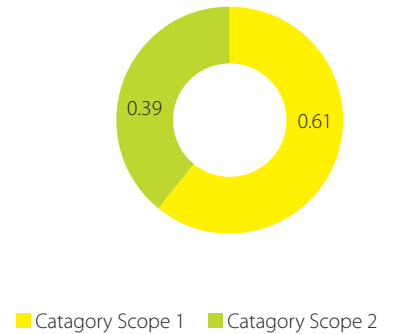
GHG EMISSION INTENSITY INDEX (%)



EMISSION INTENSITY (CO₂ EQUIVALENT PER TONNE OF TYRE MANUFACTURED)



SHARE OF SCOPE 1 AND 2 EMISSIONS (%)



GHG Emissions (in tonnes of CO₂ equivalent)

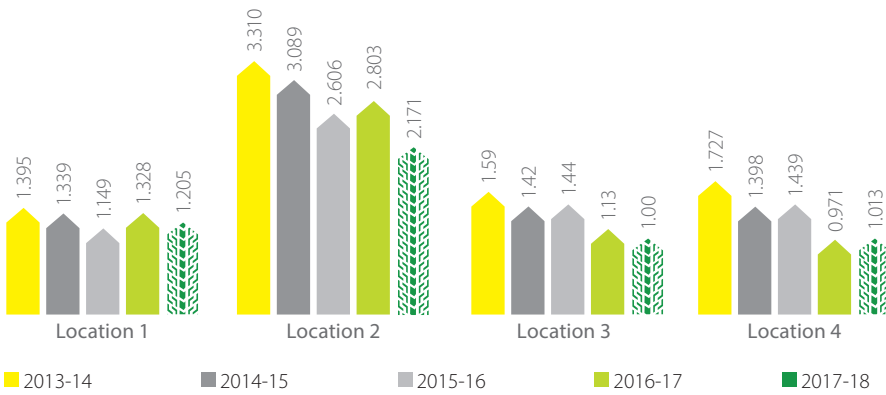
	2013-14	2014-15	2015-16	2016-17	2017-18
Scope 1	2,94,540	2,86,198	2,17,246	2,06,105	2,05,460
Scope 2	1,78,504	1,79,685	2,09,021	1,60,958	1,33,699
Total emission	4,73,044	4,65,883	4,26,267	3,67,063	3,39,159
Production	2,57,762	2,75,217	2,78,573	2,71,803	2,89,542
Emission intensity (CO ₂ equivalent per tonne of tyre manufactured)	1.835	1.693	1.530	1.350	1.172

PLANT-WISE GHG EMISSION INTENSITY INDEX (%)



We are in the second cycle for reporting and receiving assessment of climate change in 2018. As a part of our Go Green initiative, we participated in the Climate Disclosure Project (CDP) 2017, becoming the first Indian company to do so. CDP is a global non-profit organisation. It has pioneered and provided the world's only natural capital disclosure system using which over 6,000 companies from more than 80 countries and 571 cities report, manage and share vital environmental information. We were accorded a C grade (Awareness) on a four-point scale, with A (Leadership) being the highest.

PLANT-WISE GHG EMISSION INTENSITY INDEX (%)



In the current scenario, most of our operations depend on non-renewable sources of energy – a major contributor to GHG emission. However, the share of renewable energy has gone up significantly during the reporting period. With our dedicated focus and continued efforts, we managed to sustain our emissions at 1.196 tonne of CO₂ equivalent per tonne of finished product. We aim to reduce our CO₂ emission by 50%, as compared to the base year period (FY 2013-14) by FY 2019-20.

We aim to reduce our CO₂ emission by 50% by FY 2019-20.



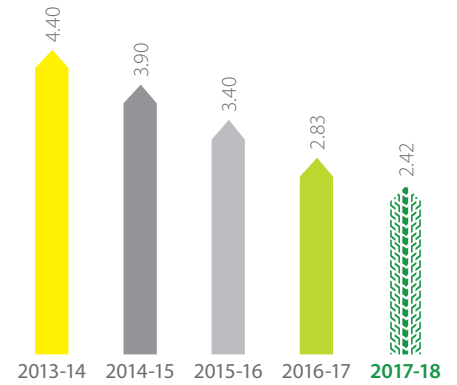
Water

Water security is a primary concern across most countries, placing unprecedented pressure on water resources. Global populations are growing fast and estimates show that with current practices, the world will face a 40% gap between projected demand and available supply of water as early as 2030. Chronic water scarcity, hydrological uncertainty and extreme weather events are perceived as some of the biggest threats to water security. People living in monsoon basins and delta regions are particularly vulnerable. Property damages due to floods and droughts are estimated at

US\$ 120 billion per year. Agrarian poor are directly affected by rainfall variability. There is limited awareness and understanding of water-related risks and opportunities among business communities.

At JK Tyre, 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.

TOTAL WATER CONSUMPTION TREND (IN KL PER TONNE OF FINISHED PRODUCT)



Share of Plants in Water Consumption (in KL)

	Location 1			Location 2			Location 3			Location 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
Water sources												
Surface water	7,127	5,936	83,499	8,925.81	6,607.80	6,204.11	2,60,125	2,14,281	2,40,676	57,014	1,25,310	1,30,523
Ground water	0	0	0	0	0	0	45,931	70,167	31,650	1,50,215	99,440	28,878
Total water withdrawal	7,127	5,936	83,499	8,925.80	6,607.80	6,204.10	3,06,056	2,84,448	2,72,326	2,07,229	2,24,750	1,59,401
Volume recycled/ reused	3,679	4,393	74,314	1,819.52	828.25	706.37	1,61,665	1,55,580	1,66,022	1,22,383	1,99,265	1,96,222
Volume recycled/ reused as a percentage of the total water withdrawal reported above	51.60	74	89	20.40	12.50	11.40	52.80	54.70	61	59.10	88.70	123

In accordance with the Swachh Bharat initiatives, we are working towards making our plants water-positive by 2022. Further, we have engaged a third-party agency to carry out water audits in each of our manufacturing locations. This agency's recommendations are implemented diligently to reduce water usage. In FY 2019-20, we intend to reduce our water footprint and have the same assured by a certification body.

Effluent Discharge

Our environment and sustainability policy lays emphasis on manufacturing eco-friendly products that reuse and recycle waste, minimising discharge. Waste (solid and liquid) generated from tyre manufacturing is classified as both hazardous and non-hazardous. This segregation enables formulation of suitable strategies for their safe disposal. Disposal is done strictly as per the

directives of Central/ State Pollution Control Boards and compliance reports are submitted to respective authorities. There have been no instances recorded of any non-compliance, either in the effluent parameters or in the quantities to be generated as prescribed in the water consents at any location. Broadly, our objectives include:

- Operating within the consented limits.
- Adopting the RRR ethos in all parts of the process.
- Achieving zero liquid discharge at plants, through 100% usage of treated water.
- Developing green belts in and around the plants.
- Taking proactive, innovative and cost-effective measures to implement an environment management system.

- Conserving natural resources by optimising efficiencies, minimising waste and adopting environment-friendly processes.
- Building awareness among all sections of people within and outside plants (including celebrations of international events such as World Environment Day, Earth Day, Ozone Day and World Water Day).

We use approximately 5% of recycled and/ or regenerated material in making a virgin product. We have achieved a process scrap/ waste rate of less than 1%. All the manufacturing locations are equipped with effluent treatment technologies that manage liquid discharge from the plants, in keeping with the effluent quality standards prescribed in the water consents. This treated water is used within the premises and/ or used for gardening purposes.



Share of Plants in Water Consumption

		VTP			CTP			KTP			BTP		
		2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
Hazardous wastes													
Used oil	MT	1.20	1.90	4.30	91.20	87.10	100.40	45.20	34.20	28.50	28.80	21.20	21.20
Waste oil	MT	157.14	112.16	124.83	0.40	0	0	0	0	0	0	0	0
ETP sludge	KL	670.00	363.50	391.13	15.37	21.31	27.93	0	0	0	1.25	0	0
Oil filters	Nos	0	0	0	0	0	0	0	0	0	0	0	0
Latex sludge		0	0	0	0	0	0	0	0	0	0.7	0	0
Total		828.30	477.50	520.30	107.00	108.40	128.40	45.20	34.20	28.50	30.80	21.20	21.20
Non-hazardous wastes													
Metal scrap	Tonnes	0	0	170.53	12.38	13.43	15.39	24.71	22.28	40.72	128.36	68.84	68.84
Plastics	Tonnes	0	0	935.14	421.05	365.90	368.63	156.76	119.90	102.86	821.79	614.80	614.80
Rubber	Tonnes	0	0	259.43	228.79	307.36	315.08	1.39	0	0	126.86	98.05	98.05
Paper	Tonnes	0	0	569.00	0	0	329.92	178.25	212.05	212.05	0	0	0
Solid waste	Tonnes	0	0	0	0.18	0.45	0	0	0	0	0	2.73	2.73
E-wastes	Tonnes	0	0	0	167.24	224.53	255.58	0	0	0	0	0	0
Polythene	Tonnes	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	2,109.28	1,286.57	1,189.26	1,431.75	367.44	357.53	359.81	1,344.61	942.67	942.67

Compliance

Each of the manufacturing plants has acquired consents from State Pollution Control Boards (PCBs) for air, water and solid waste. During FY 2017-18, the plants were

compliant to relevant statutory laws in this regard and the requisite reports were filed periodically with State PCBs. This is to confirm that there were no show cause/ legal notices received from the State PCBs and nothing is pending, as on March 31, 2018.

Safeguarding the Right to Safety and Health

JK Tyre respects the human rights of all relevant stakeholder groups within and beyond the workplace.



Some of the key practices that we adopt are as follows:

- All employees are treated equally regardless of their nationality, caste, religion, colour or sex.
- We are committed to creating and providing a healthy environment for all employees with high standards of safety measures.
- We do not engage child labour.
- We specifically care for the welfare of underprivileged women by undertaking various projects including adult education, prevention of AIDS, medical camps and others.
- We provide and maintain a hostel for girls from disadvantaged backgrounds.
- We are committed to implementing the basic principles of health and safety; freedom of association and right to collective bargaining, disciplinary practices, working hours and remuneration.

We impart utmost importance to 'Occupational Health and Safety' and have zero tolerance towards any incidents in this

regard. We are committed to preventing injury and occupational health hazards across all activities that are carried out under our control. Our goal is to build an accident-free organisation so that our people can work happily in a safe and healthy environment. We have in place rigorous and elaborate mechanisms that ensure full compliance of safety norms at all levels of the organisation. Our commitment to that end is articulated in the Health, Safety, Security, Environment and Quality

(HSSEQ) policy developed in accordance with internationally-accepted standards. This policy is supported by continued investments in acquiring state-of-the-art technologies and quality human resources. We host extensive training workshops that are conducted by internal and external experts on the subjects of firefighting and emergency handling, electrical safety and road safety. There have been no fatalities recorded in the reporting period as well as in the past.

	Location 1	Location 2	Location 3.1	Location 3.2	Location 3.3	Location 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



Sustainable Sourcing and Procurement

We are conscious of the environmental impacts of sourcing and continually work with our supply-chain partners to minimise the same on a sustainable basis. Optimisation in transportation and logistics is an ongoing activity to reduce harmful consequences to the environment.

Differentiated Supply Chain Capabilities

The important metrics of a good supply chain are speed, flexibility, quality and cost. At JK Tyre, we focus on the basic yet most important supply chain philosophy – ensuring the right product is at the right place and at the right time. Through a wide variety of initiatives mentioned below, we continue to benchmark our supply chain capabilities against global standards, bringing us closer to customers.

- With the implementation of Goods and Services Tax (GST) in July 2017, India moved towards adopting a single marketplace. In order to benefit from this major reform, we thoroughly reviewed our distribution network. The



re-designed network is projected to rationalise costs and reduce distance to market, enabling us to respond faster to the market needs at a reduced cost.

- We have set up export warehouses at various key locations to attain cost benefits and uphold compliance under GST.
- We have begun container stuffing at plants, which has further lowered cost and shortened lead times with more efficient flow of products.
- As a customer-centric organisation, we have outsourced feeder operations to competent third-party logistics players. These partners have not only brought in their expertise in storage and distribution, but have also lent a competitive edge by improving operations and curtailing delivery times, resulting in greater customer delight.
- We introduced Transportation Management System (TMS) with the objective of eliminating redundancies

and increasing visibility. TMS can be used to calculate and analyse truck turnaround time in plants, detention costs at warehouses and penalties arising out of transit delays by logistics. Going forward, this will help in streamlining the entire online freight payment process.

- Our replenishment methodology has played a key role in improving product availability for all major market segments, including replacement, Original Equipment Manufacturers (OEMs), State Transport Undertakings (STUs), defence, export and re-tread.
- Since 2016, we have leveraged Information Technology (IT) to empower the entire supply chain. As a result, it is now in full flight with increased visibility and faster decision-making.



Robust Vendor Management

We rely on a broad spectrum of vendors and suppliers for procuring important raw materials. Our supplier base is spread across the globe. Most supplies are sourced directly from manufacturers. Over the years, we have built a reliable network of domestic sources, bringing them at par with international standards. With consistent efforts, our local sourcing has crossed the 60% mark.

During FY 2017-18, we procured sizeable raw materials, barring the major ones, from local sources or vendors. These vendors supply the general consumables as well as equipment spare parts.

We encourage vendors to implement superior environmental and safety management practices. This helps in developing an entrepreneurial spirit,

reducing costs and lowering fossil fuel independence, as a part of our green supply chain initiative.

Structured meetings are held with all major raw material suppliers (comprising 80-90% of our purchased value). At these meetings, all relevant information covering key aspects of quality, technical capabilities, prices, areas of improvement and external benchmarking are shared between both parties. Senior management periodically interacts with strategic suppliers to discuss business needs, future trends and expectations. Besides, exchange of thoughts also happen at various levels through corporate events such as industrial fairs and seminars.

Purchase of raw material is centralised for our Company. This includes discussions with Tornel, Mexico. Orders are placed at regular intervals, based on the material procurement cycle and nature of orders

(fortnightly, monthly, quarterly, half yearly or yearly). Supplies are scheduled based on monthly plant-level needs.

We have partnered with suppliers of outsourced tubes and flaps, many of whom are exclusive and dedicated. These sources are developed through continuous engagement and in accordance with benchmarking standards for technological, production and processed inputs.

Assurance Statements

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INDEPENDENT ASSURANCE

OPINION STATEMENT

Statement No: SRA-IND- 659169-2

JK Tyre & Industries Limited Sustainability Report 2017-18

The British Standards Institution is independent to JK Tyre & Industries Limited (hereafter referred to as "JKTL" in this statement) 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 whole Sustainability Report 2017 of JKTL prepared "In accordance" with GRI Standard – Core option, and focuses on systems and activities of JKTL and its manufacturing operations at Kankrolli, Banmore, Chennai and Mysore during the period from 1st April 2017 to 31st March 2018.

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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 Kankrolli, 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 inclusivity issues; however, the future report should be further enhanced by detailing more information on the major and prioritized stakeholders.

Materiality

JKTL publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers JKTL's material issues by using JKTL's materiality matrix and boundary mapping. Our view of an area for improvement for the report was adopted by JKTL before issue of this opinion statement.

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 stakeholders

GRI-reporting

JKTL provided us with their self-declaration of compliance GRI Standard 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 Standard – Core option.

In our professional opinion the self-declaration covers JKTL's social responsibility and sustainability issues, however, the future report will be improved by the following areas:

- Integrate data collection and analysis systematically between the systems established for management systems on quality, environment & safety and GRI.

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

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2. The AA1000 Assurance Standard, AA1000AS (2008) Type 1 engagement evaluates the nature and extent of JKTL's adherence to all three AA1000 AccountAbility Principles: Inclusivity, Materiality and Responsiveness. The specified sustainability performance information/data disclosed in the report has been evaluated.

Opinion Statement

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance standard, AA1000AS (2008) and GRI Standard. 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 Standard were fairly stated.

We conclude that the JKTL Sustainability Report 2016 Review provides a fair view of the JKTL's CSR programmes and performances during 2017. We believe that the 2017 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)

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the GRI Standard 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

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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) 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 September 2018

New Delhi, India

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JK Tyre - Greening (one of the example)





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