

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of JK Tyre & Industries Limited Pursuant to Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended

**To The Board of Directors of
JK Tyre & Industries Limited**

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date standalone financial results of **JK Tyre & Industries Limited** (the "Company") for the quarter ended March 31, 2023 and the year to date results for the period from April 1, 2022 to March 31, 2023 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2023 as well as year to date results for the period from April 1, 2022 to March 31, 2023.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Results' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statement under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Standalone Financial Results

The Statement have been prepared on the basis of the standalone financial statements. The Company's Board of Directors are responsible for the preparation of the Statement that give a true and fair view of the net profit and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant



rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's



S S KOTHARI MEHTA
& COMPANY
CHARTERED ACCOUNTANTS

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

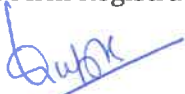
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The Statement includes the results for the quarter ended March 31, 2023, being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2023 and the published unaudited year -to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For **S S Kothari Mehta & Company**

Chartered Accountants

ICAI Firm Registration Number: 000756N



Vijay Kumar

Partner

Membership Number: 092671

UDIN: **23092671 BGSIBM3840**



Place: New Delhi

Date: May 17, 2023

JK TYRE & INDUSTRIES LTD.

Statement of Audited Standalone Financial Results for the Quarter and Year ended 31st March, 2023

(₹ in Crores)

SL. NO.	PARTICULARS	Quarter Ended			Year Ended	
		31.03.2023 (Audited)	31.12.2022 (Unaudited)	31.03.2022 (Audited)	31.03.2023 (Audited)	31.03.2022 (Audited)
I.	Revenue from Operations	2392.82	2480.24	2162.88	9617.92	8032.06
II.	Other Income	11.08	8.04	7.09	31.52	30.20
III.	Total Income (I+II)	2403.90	2488.28	2169.97	9649.44	8062.26
IV.	Expenses					
	Cost of Materials Consumed	1257.37	1424.31	1329.76	5707.01	5099.09
	Purchases of Stock-in-Trade	288.13	341.32	191.43	1074.34	612.17
	(Increase) / Decrease in Inventories of Finished Goods, Work-in-progress and Stock-in-trade	74.13	(33.15)	36.54	(19.60)	(170.27)
	Employee Benefits Expense	193.65	180.45	161.46	707.54	607.40
	Finance Costs	72.92	71.17	56.97	257.51	229.61
	Depreciation and Amortisation Expense	62.71	60.11	58.47	242.58	240.74
	Other Expenses	359.42	357.65	310.59	1373.82	1183.17
	Total Expenses	2308.33	2401.86	2145.22	9343.20	7801.91
V.	Operating Profit (PBIDT)	231.20	217.70	140.19	806.33	730.70
VI.	Profit / (Loss) before Exceptional Items and Tax (III-IV)	95.57	86.42	24.75	306.24	260.35
VII.	Exceptional Items	2.63	(1.96)	2.86	(36.17)	3.95
VIII.	Profit / (Loss) before Tax (VI+VII)	98.20	84.46	27.61	270.07	264.30
IX.	Tax Expense					
	(1) Current Tax	11.75	27.71	7.96	72.41	96.41
	(2) Deferred Tax	19.13	3.04	(6.50)	13.89	(15.15)
X.	Profit / (Loss) for the Period (PAT) (VIII-IX)	67.32	53.71	26.15	183.77	183.04
XI.	Other Comprehensive Income					
	Items that will not be Reclassified to Profit or Loss:					
	- Re-measurement Losses on Defined Benefit Plans	(5.41)	(3.45)	1.72	(15.76)	(9.34)
	- Income Tax Relating to Items that will not be Reclassified to Profit or Loss	1.89	1.21	(0.60)	5.51	3.26
	Total Other Comprehensive Income	(3.52)	(2.24)	1.12	(10.25)	(6.08)
XII.	Total Comprehensive Income for the Period (X+XI)	63.80	51.47	27.27	173.52	176.96
XIII.	Paid-Up Equity Share Capital (Face Value: ₹2 per share)	49.25	49.25	49.25	49.25	49.25
XIV.	Other Equity excluding Revaluation Reserve				2839.97	2476.85
XV.	Earnings per equity share of ₹2 each - Basic / Diluted (₹)	2.71	2.18	1.06	7.45	7.43

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JK TYRE & INDUSTRIES LTD.
STATEMENT OF ASSETS AND LIABILITIES

(₹ in Crores)

Sl. No.	Particulars	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
A	ASSETS		
1	Non-current Assets		
(a)	Property, Plant and Equipment	3362.08	3340.89
(b)	Capital work-in-progress	100.44	73.33
(c)	Investment Property	5.53	5.63
(d)	Other Intangible Assets	7.04	2.68
(e)	Intangible Assets under development	4.36	5.67
(f)	Financial Assets		
	- Investments	786.67	791.11
	- Other Financial Assets	48.65	121.20
(g)	Other Non-Current Assets	48.28	16.79
		4363.05	4357.30
2	Current Assets		
(a)	Inventories	1291.67	1532.84
(b)	Financial Assets		
	- Investments	11.17	-
	- Trade Receivables	1774.20	1667.38
	- Cash and Cash Equivalents	50.23	53.16
	- Other Bank Balances	28.54	23.11
	- Other Financial Assets	138.71	190.25
(c)	Current Tax Assets (Net)	27.07	26.98
(d)	Other Current Assets	321.38	293.80
		3642.97	3787.52
	TOTAL ASSETS	8006.02	8144.82
B	EQUITY AND LIABILITIES		
	EQUITY		
(a)	Equity Share Capital	49.25	49.25
(b)	Other Equity	2839.97	2476.85
		2889.22	2526.10
	LIABILITIES		
1	Non-current Liabilities		
(a)	Financial Liabilities		
	- Borrowings	849.03	972.06
	- Lease Liabilities	47.04	58.70
	- Other Financial Liabilities	593.74	506.82
(b)	Provisions	32.99	30.80
(c)	Deferred Tax Liabilities (Net)	369.77	342.76
		1892.57	1911.14
2	Current Liabilities		
(a)	Financial Liabilities		
	- Borrowings	1,698.28	1,848.87
	- Lease Liabilities	40.34	37.62
	- Trade Payables		
	Micro and Small Enterprises	40.77	33.60
	Others	996.09	1346.92
	- Other Financial Liabilities	278.20	276.31
(b)	Other Current Liabilities	159.79	158.00
(c)	Provisions	10.76	6.26
		3224.23	3707.58
	TOTAL EQUITY AND LIABILITIES	8006.02	8144.82



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JK TYRE & INDUSTRIES LTD.

Notes:

- * The Board has recommended a dividend of ₹ 2 per equity share i.e. 100% for the financial year ended 31st March, 2023.
- * The Company has only one operating segment namely, 'Tyre'.
- * Statement of cash flow is attached in Annexure-I.
- * Exceptional items include foreign exchange fluctuation of (-) ₹ 3.35 crores & ₹ 33.83 crores and VRS ₹ 0.72 crore & ₹ 2.34 crores for the quarter and year ended 31.03.2023 respectively.
- * During the quarter, the Company has issued and allotted 24,000 Compulsorily Convertible Debentures ("CCDs") having face value of ₹ 1,00,000 each to International Finance Corporation ("IFC") on preferential allotment basis on 20th March, 2023. The CCDs carry a coupon rate of 6% p.a. compounded quarterly. The CCDs shall be convertible into Equity Shares of ₹ 2 each of the Company, within a period up to 18 months from the date of allotment, at a conversion price of ₹ 180.50 for each Equity Share, which includes premium of ₹ 178.50 per Equity Share. The interest at the rate of 6% p.a. compounded cumulatively on a quarterly basis on CCDs shall be converted into Equity Shares at the conversion price of ₹ 180.50 for each Equity Share. If such interest on CCDs cannot be converted into Equity Shares at the conversion price, then such interest is to be paid either: (a) in cash; or (b) in combination of Equity Shares and cash, as accepted by IFC. These CCDs are unsecured and do not carry any voting rights.
The equity shares to be allotted on conversion of the CCDs shall rank pari-passu with the then existing fully paid up equity shares of the company with respect to dividends and voting rights.
- * The Competition Commission of India ("CCI") on 2nd February 2022 had released an Order dated 31st August 2018 for alleged contravention of provisions of the Competition Act, 2002 against the Company, certain other Tyre manufacturers and Automotive Tyre Manufacturers Association. CCI had imposed a penalty of ₹ 309.95 crores on the Company. The Company had filed an Appeal before the Hon'ble National Company Law Appellate Tribunal against the said CCI Order. The NCLAT, through an order dated 1st December 2022, has disposed of the aforementioned appeal, after taking note of the multiple errors in the said CCI Order dated 31st August 2018, and remanded the matter back to the CCI, to re-examine the matter on merits and also to consider reviewing the penalty (if violation is established) in accordance with the provisions of the Competition Act. The Company understands that the CCI has filed an appeal against the NCLAT order dated 1st December 2022, however, no notice has been received by the Company till date. Based on legal advice, the Company continues to believe that it has a strong case, and accordingly, no provision has been made in the accounts. The Company strongly reiterates that there has been no wrongdoing on the part of the Company and reassures all the stakeholders that the Company has never indulged in or was part of any cartel or undertook any anti-competitive practices.
- * The figures of current and corresponding quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current / corresponding financial year.
- * The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 17th May, 2023. The auditors of the company have carried out the audit of the same.
- * Figures for the previous periods have been regrouped / rearranged, wherever necessary.

JK Tyre adjudged 'Best in Class' ESG rating from CareEdge

New Delhi
17th May, 2023



For JK Tyre & Industries Ltd.

Raghupati Singhania
Chairman & Managing Director


JK Tyres & Industries Limited

Annexure-I

Cash Flow Statement for the year ended 31st March, 2023

(₹ in Crores)

Sl. No.	Particulars	Year Ended	
		31.03.2023 (Audited)	31.03.2022 (Audited)
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit before Tax	270.07	264.30
	Adjustment for:		
	Depreciation and Amortisation expense	242.58	240.74
	Finance Costs	257.51	229.61
	(Profit) / Loss on sale of Property, Plant and Equipment	(5.83)	0.08
	Provision for Diminution of Investment	1.50	
	Fair Value Changes in Non-Current Investments	(3.09)	(2.64)
	Unrealised Foreign Exchange Fluctuation	19.29	(11.34)
	Interest / Dividend Received	(17.12)	(20.88)
	Allowance for Doubtful Debts / Advances and Bad Debts written off	7.50	8.00
	Operating Profit before Working Capital changes	772.41	707.87
	(Increase) / Decrease in Trade and Other Receivables	(8.45)	(435.60)
	(Increase) / Decrease in Inventories	241.17	(338.26)
	Increase / (Decrease) in Trade and Other Payables	(281.61)	197.27
	Cash generated from Operations	723.52	131.28
	Direct Taxes (Net)	(46.67)	(57.96)
	Net Cash from Operating Activities	676.85	73.32
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Property, Plant and Equipment	(307.68)	(192.28)
	Sale of Property, Plant and Equipment	39.06	20.61
	Investment in Subsidiary & Associate	-	(74.21)
	Redemption of Investments	-	25.00
	Deposit Accounts with Banks	(10.63)	(2.04)
	Interest Received	10.63	19.62
	Dividend Received	0.48	0.60
	Net Cash used in Investing Activities	(268.14)	(202.70)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds/ (Utilisation) from Short-term Borrowings (Net)	(59.84)	773.83
	Proceeds from Long-term Borrowings	108.17	418.45
	Repayment of Long-term Borrowings	(370.61)	(724.64)
	Issue of Compulsorily Convertible Debentures	239.26	-
	Payment of Lease Liabilities	(40.46)	(48.22)
	Finance Costs paid	(251.23)	(228.74)
	Dividend paid (including dividend tax)	(36.93)	(49.25)
	Net Cash from / (used in) Financing Activities	(411.64)	141.43
	Net increase / (decrease) in Cash and Cash Equivalents	(2.93)	12.05
	Cash and Cash Equivalents as at the beginning of the year	53.16	41.11
	Cash and Cash Equivalents as at the end of the year	50.23	53.16
Notes:			
1.	Cash and Cash Equivalents Include:		
	- Cash, Cheques on hand and Remittances in transit	18.61	9.00
	- Balances with Banks	31.62	44.16
	Total	50.23	53.16



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