

Vice Chairman and Managing Director's Message

Dear Shareholders,

FY23 was a year where we continued to focus on our growth pillars — Digitalisation, Technology and Innovation, People, Brand and Sustainability — and worked around the year to further strengthen these areas by building capacity and capabilities.

First and foremost, I would like to share that our Chennai Plant, amongst the largest manufacturing facilities in Asia, was awarded the coveted Deming Prize, which is one of the highest awards on Total Quality Management (TQM). The Deming Prize is a testimony of our relentless effort and ability to deliver the best in terms of quality and experience to our customers. Further, you will find below a few highlights of the tremendous work done around each of these growth pillars.

Digitalisation

The fiscal year saw us making considerable progress in building the strong foundation for accelerated digitalisation. We are seeing initial success in our digital journey to implement Industry 4.0 in terms of efficiency improvement at our plants, re-aligning our supply chain processes and other productivity gains. We achieved end-to-end supply chain digitalisation between India and US. This has enabled us to connect supply chains across these markets in real time and will play a pivotal role in facilitating growth in the US market with supplies from India.

After setting up a Digital Innovation Centre (DIC) in London, partnering with the reputed Glasgow University, we also announced a Digital Innovation Centre in Hyderabad. Both the DICs will further support us with bringing new age technologies like IoT, Cloud Computing, Artificial Intelligence (AI), Machine Learning (ML), Robotic Process Automation (RPA) and Block Chain to help develop and deliver new business models and market leading customer service.

Technology and Innovation

Since the early years, the Company has believed in being self-sufficient in its technology. We continued to invest to further strengthen our two global R&D Centres in India and the Netherlands. With over 350 plus people working in product development and over 200 patents filed on tyre technology, our R&D prowess has become a key differentiator for us.

During the year, we inaugurated an Advanced Global Tyre Testing Centre and will be using this for enhancing our effectiveness and efficiency for original equipment manufacturers (OEMs) and replacement projects. The year saw us become the first Company in India to

introduce tyres with 5-star rating as we rolled out specific tyres for electric vehicles (EVs) for both, passenger vehicles and two-wheelers.

Also, we were the first Company to be awarded with 5 stars for our light truck radials in India. We continue to build on our technology leadership with the launch of Vredestein Quatrac Pro EV, Europe's first all-season tyre developed specifically for EVs and hybrids.

Like every year, we saw our products being ranked at pole position in multiple test results. Leading UK motoring magazine Auto Express has 'commended' Vredestein Quatrac and Vredestein Ultrac in its annual Product Awards, placing them ahead of many big-brand rivals. Going beyond performance, we have been designing good looking tyres and winning the Good Design Awards 2021 by the Chicago Athenaeum: Museum of architecture and design, the European Centre for Architecture Art Design and Urban Studies is a clear validation of this. We won two awards under the Transportation category for our Vredestein tyres — Pinza HT and Pinza AT All Terrain.

Brand

The year saw multiple actions in this growth pillar as we launched best-in-class products, celebrated milestones and added more OEMs in Europe.

We were selected to supply our tyres for Way truck ranges by Industrial Vehicles Corporation (IVECO) group, giving us a foothold in the European OEMs market in the truck and bus sector. Further, Volkswagen Commercial Vehicles selected our Vredestein Quatrac all-season tyres as original equipment for the new Caddy. We have been working closely with the Volkswagen Group as we supply Vredestein Ultrac and Sportrac 5 summer tyres for the all-new Audi A1 Sportback. Another feather in the cap has been selection by the BMW Group where we started supplying Vredestein Ultrac tyres as original equipment for the all-new BMW 2 Series Active Tourer.

Our Indian business achieved a huge milestone – sales of over 10 million (1 crore) units of Endurance LD, the flagship CV product. Since its inception in 2010, it has been successfully transforming the face of trucking in India.

The year saw launches across the globe including our first dedicated all-terrain tyre — the Vredestein Pinza — in Europe to the launch of Vredestein premium motorcycle tyres in Bangkok, Thailand, catering to the growing superbiking segment in Thailand to the new Pinza HT line of tyres in the North American market. As mentioned above, we have been the first to launch Europe's first all-season tyre developed specifically for battery EV and hybrids and the first Company in India to introduce tyres with 5-star rating.

People

With a value of 'One Family', our people are at the core of everything we do. During the year, we launched multiple initiatives around building people capability and creating a robust talent pipeline. We launched the second cohort of the Apollo Laureate Programme, for emerging and established leaders, globally and the Future Leaders programme, partnering with IIM Bangalore for the APMEA region. We were proudly certified as Top Employers in

Singapore and in the UK, for 2023. Global L&D was an area of intense focus at the Company during the fiscal and we clocked more than 32,000 learning hours, with 87% returning learners.

Sustainability

As a responsible and progressive global citizen, we clearly articulated our commitments in the ESG (Environment, Social and Governance) space and declared our sustainability commitments including becoming carbon neutral by 2050, increasing usage of sustainable raw material to 40% by 2030 and improving Scope-1 and Scope-2 emission intensity by 25% and 35% respectively by FY26 against baseline year of 2020.

Our work around this pillar for the past years saw a change in our CDP Climate Change score which improved to 'B' from 'D' acknowledging our commitment on environmental action. Our concern about end-of-life tyres saw us joining hands with many different partners for innovative tyre recycling technology.

We became the first Company in the Indian automotive sector to get ISO 20400 certification for our raw material procurement process. We believe that this is a great first step, and we intend to carry forward the rigour in alignment with our Sustainability Goals. Focussing on this further, our team has successfully demonstrated developing tyres with 75% sustainable materials.

Our continuous focus on RoCE and sweating our assets ensured that we start FY24 on a stronger wicket. We have launched 'AVOLVE', to integrate mobility service business model into our operations and explore capital-light growth opportunities. Our servitisation model would offer tailored solutions to the targeted customers, especially commercial vehicle fleet operators, and improve their operational efficiencies evolving their business to the next level.

In the pages that follow, I hope you get a sense of how we have worked to deliver sustainable and profitable growth by focussing on our growth pillars. We will continue to live our vision of 'Driving Progress, Together' and I look forward to update you on a periodic basis.

With best regards,

A handwritten signature in black ink that reads "Neeraj Kanwar". The signature is written in a cursive style with a long horizontal stroke underneath the name.

Neeraj Kanwar

VICE CHAIRMAN & MANAGING DIRECTOR