



JKTIL:SECTL:SE:2019

19th August 2019

BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.	National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block- G, Bandra -Kurla Complex, Bandra(E), Mumbai -400 051.
Through: BSE Listing Centre	Through : NEAPS
Scrip Code :530007	Scrip Code : JKTYRE

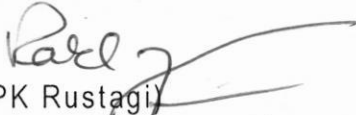
Dear Sir,

Sub. **Chairman's Speech at the 66th Annual General Meeting of
the Company**
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The Chairman's Speech delivered at the 66th Annual General Meeting of
the Company and published in the newspapers on 19th August 2019 is
enclosed for your information and records please.

Thanking You,

Yours' faithfully,
For JK Tyre & Industries Ltd.


(PK Rustagi)
Vice President (Legal) & Company Secretary

Encl. As above



Admin. Off.: 3, Bahadur Shah Zafar Marg, New Delhi-110 002, Fax: 91-11-23322059, Phone: 91-11-33001112, 33001122

Regd. Off.: Jaykaygram, PO - Tyre Factory, Kankroli - 313 342 (Rajasthan), Fax : 02952-232018, Ph. : 02952-302400 / 330011

Website : www.jktyre.com CIN : L67120RJ1951PLC045966



VIKRANT

CHAIRMAN'S SPEECH AT THE 66TH ANNUAL GENERAL MEETING OF THE COMPANY

Dear Shareholders,

I welcome all shareholders to the 66th Annual General Meeting of the company.

Business Environment

The year under review was the most challenging year for the Indian automotive industry in over a decade. The country's automobile industry reported a growth of 6.5% in 2018-19 compared to 14.9% in 2017-18. Commercial vehicle sales reported a higher growth than that of the passenger vehicle segment, specially in the first quarter. After reporting consistent growth for nearly seven months, off-take declined as a result of the liquidity paralysis and higher interest rates, coupled with the revised axle load norms. The passenger vehicle segment also posted its slowest growth in over four years - a growth of 0.5% in 2018-19 compared to 5.9% in 2017-18.

Undeterred, we at JK Tyre, steered through this turbulence with reasonable success by achieving higher sales across categories, as also overall higher capacity utilization of our plants.

Undeterred by the market slowdown

By going back to the drawing board, we initiated a number of measures to deepen our market presence and grow faster than the sectoral average. We resolved to sell as much as we could. We encouraged our team to moderate costs despite rising raw material prices and currency volatility. We worked closer than ever with trade partners to plug market gaps. We graduated from product sale to consumer solutions. We exported across a wider global footprint.

The result is that JK Tyre was able to achieve the milestone of over Rs.10,000 crore turnover for the first time ever. Besides, the company reported a 24% revenue growth, which was considerably higher than the sectoral average. What is creditable is that at a time of market slowdown, the company was able to enhance realisations, strengthening the conviction that at a time of slowdown,



consumers graduate to products, offering them with a superior price-value proposition.

Truck/ Bus Radials

There has been a significant increase in the use of radial tyres in trucks and buses over the last decade. Radialisation as a whole, attained a level of more than 50% in 2018-19 compared to 44% in the earlier year. JK Tyre was the pioneer of radial technology in India, and we pride in the fact that the Company has been the principal catalyst of India's radial revolution through technological innovation and new product introduction, a reality that we expect will sustain.

To strengthen our competitive position and leadership, JK Tyre launched several new premium products during the year under review, which helped the company retain its market leadership. The JK Tyre TruckWheels centres also continued to expand throughout the country to provide complete tyre solutions and services to its customers.

Raw materials

The year under review was challenging for the tyre industry as well, with the availability and cost of raw materials being under constant pressure. The gap between the production and supply of natural rubber increased significantly, more so due to the Kerala floods. Though Natural rubber prices remained stable, price of synthetic rubber increased nearly 8%, and Carbon Black by as much as 30%, largely influenced by currency volatility and higher price of crude oil for majority of 2018-19. As an organization, focused on business sustainability, we took various initiatives during the year to moderate the increase in the cost of raw materials.

R&D and technology

During the year under review, one of the principal initiatives of the company was the inauguration of the 'Raghupati Singhania Centre of Excellence' (RPSCoE) – our state-of-the-art Global Research and Development centre in Mysuru, comprising best in-class research facilities under one roof with the objective to accelerate new product introduction. The results of investment in this centre are already evident: the company launched new and more complex products in line



with evolving marketplace requirements, technologies and regulations. During the year under review, we launched 93 new products across the entire range from 2/3 wheeler to OTR categories and I am happy to share that we expect to increase this number during the current financial year. The launch of new superior products in line with customer needs translated into a stronger preference for JK Tyre products at a time of sectoral weakness during the last financial year.

Operations at Cavendish Industries Limited (CIL)

The acquisition of Cavendish Industries Limited from Birla Tyre was one of the largest in India's tyre sector. Looking back, I am happy that this acquisition has yielded significant results. It helped complete our portfolio through the addition of two and three-wheeler tyres, and has taken us to greater heights, through enlarged market participation.

During the year under review, the Cavendish plant increased its capacity utilisation to 81% up from 62%. The turnover of this facility grew by 39%. The expansion undertaken last year, was completed in stages and the next round of expansion of the TBR and Tractor rear capacity is underway and will further reinforce the Company's TBR leadership.

Operations at JK Tornel

JK Tornel achieved a significant turnover growth of 22% during this period. It has been able to deepen its presence in North and Latin American Markets on one hand, and on the other enhance its OEM presence (Original Equipment Manufacturers) with clients like Chrysler, Nissan, John Deere and Case New Holland.

Omnipresence of the 'JK Tyre' a 360° Brand

During the year 2018/19, JK Tyre continued to aggressively promote its brand through various mediums like TV, print, digital, radio and outdoor, further deepening its presence in the Indian market. Consumer offers, event integration during festive and topical seasons and motorsport events were actively promoted through all digital media. The constant branding efforts have resulted in JK Tyre being recognised as India's only tyre 'Super Brand' for the seventh consecutive



year in a row. Along with this, we were also recognised as an 'Icon of Indigenous Excellence'. We have undertaken various initiatives to ensure that all our campaigns have high-visibility, which in turn, were perceived well by both end users and our channel partners.

Strengthening our knowledge capital

We believe that the principal differentiator for any business comes down to just one reason : People. To ensure the overall development of our employees, JK Tyre, over the years, has invested in people competencies, training, empowerment, team-working, knowledge sharing and transparent communication including monthly web casts. The result is evident from the fact that the Company has been able to retain over 95% of the senior management and 91% of the overall employees a healthy benchmark in the industry. We have also been recognised as a 'Great Place to Work In' by the Great Place to Work Institute.

Our social investments

At JK Tyre, we believe that we are engaged in the business to make the world a better place. We believe in making initial investments where a moderate engagement from our side can translate in to incrementally larger societal impact. We place great emphasis in the areas of healthcare, sanitation, education, livelihood enhancement, water conservation and environmental sustainability. In this process, we have been able to touch more than 10 lakh lives, largely comprising women and children. Our efforts were recognised as we received multiple awards throughout the course of the year.

- 'National Water Awards for Excellence in Water Management 2018' by Confederation of Indian Industries (CII)
- UCCI Award 2019 for outstanding achievement in the Corporate Social Responsibility category
- 7th ACEF Asian Award for Excellence in CSR 2018 for sustainable community development.

Education is the biggest pillar of sustainability. We have successfully improved the lives of children and women by providing free education through our adult literacy programme. Along with this, we also provided vocational and skill



development training to over 5,000 unemployed youths. The result is that most of these youths went on to secure employment or start their own business.

Through our project Parivartan, we focus on one of the biggest healthcare challenges in rural India: reducing the infant mortality rate and maternal mortality rate. We resolved to address this through a structured programme comprising door-to-door awareness building, training grass-root health workers and repeated engagements. This has resulted in the improvement of the ante-natal care and drastic reduction of infant mortality rate in and around areas of the Company's presence.

In line with the 'Swachh Bharat Mission' of Government of India, the Company helped build nearly 4,000 toilets across 60 villages, making them open defecation-free. The Company also collaborated with the Government of Rajasthan to desilt nine water tanks, helping conserve over 38,000 kilolitres of water. Along with this, the Company also constructed 10 check dams/anicuts, which in turn, helped conserve another 16,000 kilolitres of water and directly benefitted over 2,500 people.

We believe that it is the duty of every responsible company to give back to the society and through these initiatives we are trying to create a better world for all.

Sustainability report

At JK Tyre, we are committed to be a Green and Clean Company with sustainable use of energy. The Company places great emphasis on the conservation of energy and various measures taken during the previous years were continued in full flow. During the year under review, we achieved a total energy benchmark level of 9.81 GJ per tonne of production, thus qualifying to be among the top five global companies in this sector. In the last 3 years, JK Tyre has been focusing on increasing usage of renewable energy and has attained 40% mark during the year. Our efforts to reduce our carbon footprint resulted in 44% reduction of GHG emissions in the last 5 years. We have also set Global benchmark in water consumption by achieving the milestone of 2.18 litre per kilogram of production. Installation of efficient lighting systems, rationalisation on boiler capacity and redistribution of thermal energy are the other innovative initiatives undertaken by the Company in a bid to reduce its energy consumption.



Current Scenario

The Current economic environment is extremely concerning and if anything grim. The economic growth has slowed down mainly due to slack demand on the back of liquidity crunch, which continues, due to inability of financial sector to sort out issues.

It is important that urgent measures are taken to provide stimulus to the lagging economy. Adequate consumer financing has to be provided more particularly in the Auto and Housing sectors which are important engines of growth, to help propel demand.

This in turn will help restoration of production, which had to be substantially cut in the recent past, in the auto sector leading to wide scale job losses.

Reserve bank has no doubt stepped forward to support demand by reducing the rate of interest, however the commercial banks need to pass on the same to the borrowers. This going forward, will also help rejuvenate investment, so critically required for the economic activity to gain momentum.

Road ahead

Despite this, we feel there is considerable inherent strength in the India story. Our principal optimism is derived from the fact that India continues to be among the two fastest growing major economies. India's consumer spending is projected to increase from US\$ 1.5 trillion to US\$ 6 trillion by 2030, catalysed by the growing power and expansion of the middle-class and the emergence of a sizeable high-income segment.

The automobile industry in India is the fourth largest in the world. Increasing need for personal mobility is projected to be the biggest growth driver for the automobile sector. A number of prominent automobile brands are launching new vehicle models, which will drive the demand for tyres as well. Emergence of electric vehicles and Government of India's investment of Rs. 10,000 crore for the FAME II programme is another positive sign for the automobile sector.

We will continue to deepen our customer engagements and leverage our market position and technical knowledge to capitalise on the opportunities.

A circular stamp with the text "JK TYRE & INDUSTRIES LTD." around the perimeter and a small star at the bottom. To the right of the stamp is a handwritten signature in black ink.

Acknowledgments

I feel this is the perfect opportunity for me to express my gratitude to all our shareholders, stakeholders, customers, trade partners, banks and governments for being an integral part of JK Tyre's growth journey. Without you, none of our achievements would have been possible.

I would also like to thank the Board of Directors for their constant guidance. Above all, I want to thank the entire Team – JK Tyre, for its unquestionable commitment. I have always believed that a Company is only as good as its people. Their constant efforts have helped build our brand and solidify our position as one of the leading tyre manufacturers in India.

I can assure you that we will continue to work diligently towards building a world-class organisation and achieve sustainable growth for years to come. Thank you for your unstinted faith and support.

Dr. Raghupati Singhania
Chairman & Managing Director



14 AUG 2019