



JKTIL:SECTL:SE: 2017

9th August 2017

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

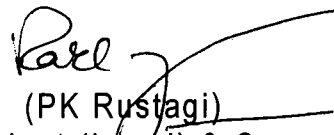
Dear Sir,

Sub. Chairman's Speech at the 64th Annual General Meeting of the Company

The Chairman's Speech delivered at the 64th Annual General Meeting of the Company and published in the newspapers on 8th August 2017 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



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CHAIRMAN'S SPEECH AT THE 64TH ANNUAL GENERAL MEETING OF THE COMPANY

BUILDING AN ENDURING COMPANY

The year 2016-17 has been beset with both opportunities and challenges on several fronts, including global and domestic issues, and it bears testimony to JK Tyre's resilience that we have been able to convert most of these challenges into opportunities.

Developments like demonetization of high-denomination currency, implementation of Goods and Services Tax (GST), steep raw material costs, renewed focus on infrastructure etc., resulted in a mixed bag for the economy, and JK Tyre has weathered the turbulence well.

While there is all the reason to feel generally satisfied about our performance last year, I must share with you, that the aforementioned challenges have had an impact, on the entire Indian tyre industry, including JK Tyre. The Company reported single-digit volume growth; revenues were relatively flat and there was some decline in our bottom line in 2016-17. However, strategic planning and a persistent approach ensured, maintaining our position as market leaders in the truck/bus radial segment.

Market Scenario

Shepherded by a Government eager for growth, 2016 began with a good start. Despite soaring rubber prices, increasing competition and dumping of cheap Chinese imports, tyre sales maintained a steady pace. Then with the demonetization drive in November, without a doubt, the most significant action in the past few decades, the economy was shaken as it affected cash availability, consumer confidence and off take. During Q3 & Q4, consumer & business sentiment was affected on account of non availability of cash,



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**VIKRANT**

more so in non truck segment, where small ticket purchases in cash, were the norm. The situation was further aggravated owing to lack of cashless payment facilities both with buyers and sellers.

This inevitably brought down sales in the next few months and the Q3 results of all tyre manufacturing companies reflected that. From an industry standpoint, increased radialisation trend in the truck bus segment continues.

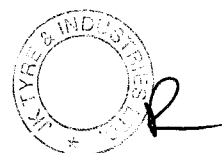
To overcome these challenges, we looked within, rather than seeking solutions from the marketplace. Growing competition restricted our ability to pass higher input costs to customers, so we enhanced our shop floor efficiency and optimized costs. When cheaper imports threatened realisations, we evolved progressively from product manufacture to solutions; we graduated our customer engagements from transactions to relationships.

While market turned more challenging, we continued to strengthen our Brand through various initiatives and launching new products at a record number in 2016-17. Trade circles and consumers perceive JK Tyre as a vibrant, customer-centric and choice-widening company. In view of this, I am pleased to report that our most valued asset – our brand – was reinforced and we expect our brand JK TYRE to carve out a larger market share in the segments of its presence.

If the story of 2016-17 appears to be one of slow growth amid increasing competition, there were also developments that have given us reason to believe in ourselves as an organization that responded with collective passion to mitigate sectoral challenges.

Acquisition of Cavendish Industries: A Milestone

The external environment in 2016 transformed with unprecedented speed and we at JK Tyre transformed even faster. We responded to every challenge with speed, sensitivity and passion. We virtually doubled new product launches, added in various categories,



widened our distribution network and maintained customer connect and created an even stronger company.

One of the highlights of the year was our Cavendish plant at Laksar. JK Tyre had acquired Cavendish Industries last fiscal, a move that gave the company access to 12 lac units of truck radials, 6.3 lac units of two & three wheeler tyres and capacity in other categories. We turned the Cavendish plant around within the very first year of takeover by reducing conversion costs by 40%, wastage by 60%, right-sizing the strength of the workforce and bringing the operations to marginal profitability.

It may be mentioned that we had successfully turned around our earlier under performing acquisitions i.e., Vikrant in Mysuru and Tornel in Mexico, and now Cavendish in Laksar, in a very short time respectively. This, yet another turn around success story is a reaffirmation of our deep sectoral knowledge and manufacturing competence.

Launch of BLAZE: High Impact Presence in Two-Wheeler Category

The first half of 2017 was significant for us, coming as it did after a lull period. The 2-wheeler category is a high volume segment and with the acquisition of Cavendish, we have entered this category, and in a short time made our presence felt in the market place, be it distribution or retail. The launch of premium tyre range branded as Blaze was another feather in the cap. Supported by necessary advertising our Blaze range of 2-wheeler tyres has, so to say, announced JK Tyre's arrival in the category, where we intend to create significant presence, as we go along.

The addition of two brands, 'Challenger' in the value segment and 'BLAZE' in the premium segment, is a strategic move which will yield long term gains. This is also in keeping with our ambition of capturing a significant share of the domestic two-wheeler tyres replacement demand in the market.



The Pioneer of Radials Continues to Stride Ahead

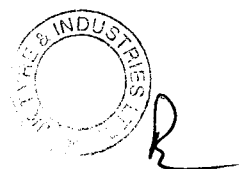
In a landmark achievement JK Tyre rolled out the 10 millionth Truck/Bus radial tyre at Mysuru in August 2016 which is an unparalleled feat in the Indian Tyre Industry. In order to sustain and grow our leading presence in this segment JK Tyre unleashed a unique multi level product and brand strategy to address all segments of the market. Brand 'JK Tyre' continued to cater to the premium segment and 'Vikrant' brand was leveraged to meet the requirement of the mid segment. A new brand "Challenger" was launched in the value segment of Truck/Bus tyres. With this we have a complete range for every consumer need and our market share reflects the success of the strategy. Going beyond just sales, today we provide complete cradle to grave solutions for Truck/Bus Radials to our customers. The fleet management program enables customer to derive superior value. The JK Tyre Truck Wheels network has been rapidly expanded. The new chain of JK Tyre Retread franchises facilitates customers with quality retreading and adds to the total life of the tyre. These initiatives ultimately deliver a lower cost-per-kilometer to the consumer.

Motor Sports: Fourth Edition of T1 Prima Truck Racing Championship

This year also, JK Tyre partnered with T-1 Prima Truck Racing Championship - India's only Truck Racing event for the 4th year in succession. The Company has developed and designed the racing tyres for trucks especially for racing which can meet the most grueling breaking conditions of a racing circuit and can take the speed in excess of 150 km/hr - a capability which only JK Tyre enjoys.

As partners of this wonderful event, JK Tyre has more than lived up to its promise of delivering high-performance truck tyres also for races, that continue to grow in size and importance.

Global Footprint/Establishing Global Presence



The Company has successfully built global presence of JK Tyre Brand across global markets i.e. Middle East, Africa, South East Asia and Australia. While the Company also supplies tyres to the American markets, the acquisition of Tormel in Mexico in 2008 paved the way in expanding its global footprint in Mexico, Latin America and USA. The deeper access into American markets utilizing NAFTA and other regional Trade blocs out of Mexico has enabled the Company to register a significant growth in the region.

With a view to achieve robust growth in export for JK Tyres, we have expanded the international market presence by way of setting up Regional marketing hubs in USA, Latin America, Africa and South East Asia.

Socially Committed

Your Company has been on the forefront of inclusive growth and since inception it has been undertaking projects for improving the quality of life of the society at large. The core areas of CSR activities has been promoting preventive healthcare, education, rural development and welfare of the society at large, particularly in the areas around Company's manufacturing facilities.

It is a matter of great pride that JK Tyre also addresses community priorities through green operations across its manufacturing facilities, reducing consumption of finite fossil fuel and increasing use of renewable energy. Some of our plants have demonstrated a remarkable decline in the consumption of water and other natural resources. Our Chennai and Kankroli facilities are among the most efficient in terms of energy consumption. We have been well recognized for our efforts to sustain the environment

We successfully run campaigns that are focused on safety – a message that is close to our company values. We are continuing and strengthening our initiatives on improving livelihood, education, health and water quality for sustainable development in the areas we operate in.



Road Ahead

Though sectoral realities were challenging during the latter part of the last financial year, there is every reason to feel sanguine about the future.

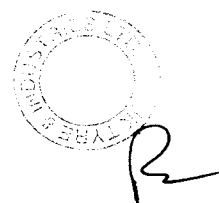
India is one of the fastest growing economies in the world. The Government has announced an allocation of nearly Rs. 4 lac crore towards the development of the country's infrastructure. More specifically, allocation for national highway construction and renovation was increased to Rs. 64,000 crore, which coupled with policy measures to facilitate faster road construction, will strengthen road transport infrastructure. This in turn will enhance the off take of all kinds of tyres.

In a short time, the introduction of Goods & Services Tax is showing signs of facilitating movement of the goods across the country in a unified market. As the market evolves there will be opportunities to enhance efficiencies in the supply chain there by reducing cost of operations.

Rationalization of personal taxation will put more disposable income in people's hands, creating a positive impact on passenger car and two-wheeler sales, both in rural and urban areas. This in turn will generate OEM demand for passenger car and two-wheeler tyres in particular, which will enhance the replacement tyre market.

There is a logical concern in the country regarding lack of investments for capacity creation. Infrastructural deficiencies, archaic labour laws and high cost of money, are some of the serious impeding factors, which to my mind need to be addressed urgently not only to make Indian industry truly competitive but also to create jobs.

It is my belief that the Indian economy is growing continuously, despite transitional impact of demonetization. While overall GDP growth was 7.1% in last fiscal, consumption has grown at almost 9% after growing at around 6% in the previous two years. It is therefore relevant to understand, whether this demand is met through



domestic output or through rising imports. This is not only about imports from China, but also other Asian countries with whom India has FTAs. This issue is more glaring in the Indian tyre industry, where almost 80% of the imports are at concessional duties, thereby eroding a significant part of the market for the domestic Tyre Industry that has already undertaken large scale capacity additions with huge investments of nearly Rs. 45,000 crores in the last few years. To make matters worse, natural rubber, the most important raw material for tyre has to be imported due to domestic non-availability, but is included in the negative list with the same FTA partners. Therefore, the finished product enters Indian market under concessional duty, whereas the raw material is not eligible for any concession in custom duty – a classic case of Inverted Duty structure.

It is a matter of great concern that Chinese Truck/Bus Radial tyres continue to flood the market unabated at dumping prices, thereby, threatening the large investments made in the recent past. It is indeed high time, for the Govt. to undertake necessary steps by imposition of anti dumping duties on such low cost tyres. This shall be in the true spirit of providing level playing field to the Indian industry.

At JK Tyre, we have always focused on building an enduring company — a company that is well placed to capitalize on sectoral rebounds.

We believe, we possess a compelling complement of multi-location plants, adequate capacity, extensive tyre formats, products addressing the needs of diverse customers, strong research foundation, highly visible brands and a wide and deep pan-India distribution network. This extensive capital makes JK Tyre, Future Ready, and will make it possible for the company to address the emerging opportunities with speed.

It will be our Endeavor to Sustain our Journey of Excellence in the Years Ahead

I would like to take this opportunity to convey my appreciation for the valuable guidance provided by my fellow Directors on the Board. I would particularly like to acknowledge the dedication and commitment of Team JK Tyre, towards the growth of your Company.

A circular stamp with the text "JK TYRE" and "INDIA" around the perimeter. To the right of the stamp is a handwritten signature.

Before I conclude, I on my own and on behalf of the Board, would like to thank each one of you, our valued shareholders, for your unstinted faith and support in our endeavours.

Dr. Raghupati Singhania

Chairman and Managing Director

4 AUG 2017

A circular stamp, likely a corporate seal, is positioned to the left of a handwritten signature. The signature is written in dark ink and appears to be a stylized representation of the name Raghupati Singhania.