

Transcript of 67th Annual General Meeting of JK Tyre & Industries Ltd. held on Tuesday, the 22nd September 2020 at 12.15 PM IST through Video Conferencing

Dr. Raghupati Singhania, Chairman & Managing Director

“Ladies & Gentlemen - Good Afternoon to all of you. I, Raghupati Singhania, Chairman & Managing Director of the Company, extend a warm welcome to all of you at the 67th Annual General Meeting of the Company.

In view of the continuing challenges and risk posed by COVID – 19 pandemic, we are holding this Meeting through Video Conferencing and Other Audio Visual Means, in accordance with the directions issued by the Ministry of Corporate Affairs, in this regard.

I may mention that all the efforts feasible under the current circumstances have been made by the Company to enable the Shareholders to participate in the proceedings of the meeting.

I would like to thank you for sparing your valuable time to join us today from different parts of the country or may be from outside India also. I hope you and your family members are staying healthy and safe.

I look forward to have the pleasure of meeting you all next year, by which time I hope, situation would normalize and we would be able to see each other.

Before commencement of the proceedings, I would like to introduce all the Directors and Executives who have joined this Annual General Meeting.

First of all, I would like to introduce the Directors who have joined the Meeting through Video Conferencing from different locations.

- Shri Bharat Hari ji Singhania, Managing Director.
- Shri Arvind Singh ji Mewar, an Independent Director and Chairman of the Nomination and Remuneration Committee of Directors.
- Shri Bakul Jain, an Independent Director and Chairman of the Audit Committee and also Chairman of the Stakeholders Relationship Committee.
- Shri Shreekant Somany, an Independent Director and Chairman of the Risk Management Committee.

- Smt. Meera Shankar ji, an Independent Director.
- Smt. Sunanda Singhanian, a Non-executive Director.
- Shri Vimal Bhandari, Shri Kalpataru Tripathy and Dr. Wolfgang Holzbach, Independent Directors.
- Shri Anshuman Singhanian, Dy. Managing Director and Shri Arun Kumar Bajoria, Director & President- International Operations, are present in person.
- Shri Sanjeev Aggarwal, Chief Financial Officer and Shri P.K. Rustagi, Vice President (Legal) & Company Secretary, are also present in person.
- Shri Harish Gupta, Partner of M/s SS Kothari Mehta and Company, Statutory Auditors of the Company and Shri Ronak Jhuthawat, Scrutiniser are also present at this meeting through Video Conferencing. Shri Jhuthawat is also representing Shri Namonagar Agarwal, the Secretarial Auditor.

I would now request Mr. P.K. Rustagi to confirm that requisite quorum is present and brief the Shareholders regarding procedure of e-voting and participation in this meeting.”

Mr. P.K. Rustagi, Vice President (Legal) & Company Secretary

“Thank you, Sir. I confirm that requisite quorum is present through Video Conferencing and other Audio Visual Means and the Meeting is in order.

Dear Shareholders, Good Afternoon. This 67th Annual General Meeting of your Company is being held through Video Conferencing in compliance of all the statutory guidelines. E-voting services are provided by Central Depository Services (India) Limited.

Since the Meeting is held through Video Conferencing, the facility for appointment of proxies by the Shareholders has been dispensed with, in accordance with the relevant guidelines.

As per the well established procedure for Shareholders Meeting through Video Conferencing, all the Shareholders who have joined this Meeting are placed on mute by the Host to avoid any disturbance from the background noise and to ensure smooth conduct of the Meeting. However, when the Shareholders who

have registered themselves as speakers, are invited to speak, their names will be announced one by one and their mike will be unmuted by the Host.

We request the speaker to switch on his or her video and audio after her or his name is announced to speak. We also request the speakers to be brief.

In case there is connectivity issue at the Speaker's end, we would invite the next Speaker, if any, to speak. Opportunity will however, be provided again to the earlier Speaker after all other registered Speakers have spoken.

Regarding E-voting, as mentioned in the Notice of the Meeting, please note that only those Shareholders who have not so far cast their votes through remote e-voting and who are participating in this Meeting today, will have an opportunity to cast their votes during the AGM and 15 minutes after conclusion of this Meeting. Over to Chairman Sir."

Chairman & Managing Director

"Thank you, Mr. Rustagi. In conformity with Sections 170, 171 and 189 of the Companies Act, 2013, the Register of Directors and Key Managerial Personnel and their Shareholding and the Register of Contracts or Arrangements in which Directors are interested, are available for inspection electronically by the Shareholders during the AGM. Shareholders may send their request for inspection to the Company Secretary by email at investorjkyre@jkmail.com.

The Notice dated 15th June 2020 convening the 67th Annual General Meeting together with the audited standalone and consolidated financial statements and other attachments, including the reports of the Board of Directors and the Auditors thereon, for the financial year ended 31st March 2020, have already been duly issued and circulated as required. May I therefore, with the permission of the Shareholders, take them as read.

The Auditors' Reports for the financial year ended 31st March 2020, do not contain any qualifications, observations or comments or other remarks on the financial transactions or matters which may have any adverse effect on the functioning of the Company.

Also, there are no qualifications, observations or comments or other remarks in the Secretarial Audit Report for the said financial year issued by Shri Namo Narain Agarwal, Company Secretary in practice. So we will take them as read.

Before taking up the items of the Agenda, I would like to share with you my thoughts on Indian Economy and working of the Company."

Chairman's Address

“Dear Shareholders,

It is with immense pleasure, that I welcome you to your Company's 67th Annual General Meeting.

On behalf of the Board of Directors and my own, I thank each one of you for making it convenient to attend this virtual meeting, during these difficult times, and participate in the working of your Company.

We are passing through one of the most challenging times in human memory. The outbreak of COVID-19 pandemic has impacted economies as well as human lives across the globe on an unprecedented scale. The Indian economy and the Auto Industry in particular, was already going through a phase of slowdown and low demand, which has been further compounded, by this outbreak.

Sharp decline in economic growth also resulted in the Indian rupee depreciating steeply by nearly 8% over the preceding year, which is, one of the highest among Asian peers.

I, however, feel that any adversity can be countered with determination and innovation. We at JK Tyre, have taken number of steps to deal with these challenges. The foremost concern was the safety of employees and their families across all locations including international ones. Simultaneously, several new initiatives were taken to conduct the business by following the safety protocols, working from home, leveraging on digitization, virtual interactions with channel partners, to name a few.

The automotive production was severely hit. Consequently, OEM segment for tyre supplies equally impacted. Nonetheless, the Company placed greater emphasis on augmenting export sales and increasing penetration in the domestic replacement market. This was supported by the adoption of a multi-pronged approach in the aftermarket ranging from continuing product innovation, sharper focus on premium products, increasing the span of mobility solutions, strengthening digital platforms including electronic payments, augmenting consumer connect, increasing customer touch points (particularly through Brand Shops) sustained brand building, Artificial Intelligence based customer solutions, Big data analytics on consumer response and behaviour, etc. The result is that JK Tyre could increase its replacement market sale more than the industry and could gain market shares across product lines. Further, our domestic 2/3 wheeler tyres business clocked a growth of 30% and

the OTR segment by 20%, the highest in the industry. More so, as a result of greater focus on international sales, the company was able to achieve an impressive growth of 36% in its exports. In this journey, exports out of Company's Subsidiary – JK Tormel – also contributed and enhanced logistical efficiency as well as market responsiveness.

I am happy to share that in an unparalleled feat, JK Tyre became the first and only Indian tyre company to have rolled out 20 millionth Truck/Bus Radial tyres. Company's Subsidiary – Cavendish Industries Ltd. – contributed significantly to the count of 20 millionth Truck Bus Radial tyres. It took JK Tyre, 17 years to reach the first 10 million mark in the year 2016 and just four more years to double the numbers in the year 2020.

The Company was able to live up to its reputation of being the 'pioneer of radials in India' by introducing a 'Smart Tyre' to provide mobility solutions to commercial and passenger vehicle owners. JK Tyre is the first company in India to launch this Smart technology in the Indian market. This is in line with the Company ethos of green technology, as it reduces carbon footprints through lower emission, higher fuel efficiencies and superior tyre life. This technology will also go a long way in enhancing road safety, as it monitors - air pressure and temperature in the tyre. The Tyre Pressure Monitoring System (TPMS) Range, was launched across various cities and the 'Smart Tyre' was formally launched at the prestigious Auto Expo 2020.

In our ongoing journey of Sustainability, our efforts in energy conservation are well recognized. More than 50% of our power requirements are met from renewable sources - up from 39% in the previous year. Total energy consumption has further declined in the FY2020. Green House Gas emissions have been reduced by as much as 47% in 2019-20 compared with base year 2013-14. I am happy to share that JK Tyre continues to be a global benchmark for the lowest raw water consumption per kg of finished product. JK Tyre has achieved a total energy consumption level of 9.81 GJ/Ton of production and ranks amongst top three best companies in the sector worldwide.

It is a matter of pride that four of our plants have been awarded the world's most sought after and coveted safety award – 'Sword of Honour' for safety by the British Safety Council, UK.

Your Company is already seeing some green shoots in Q2 of the current fiscal. Given good monsoon, well spread throughout the country, it is believed that rural India will witness higher income and resultant spurt in demand for Farm and 2/3 wheeler tyres. Our current volumes in these products as well as in commercial tyres are encouraging and this augers well for your Company.

On account of pandemic, there is increasing resistance by the consumers for using public transport. This will help in increasing demand of passenger car tyres particularly for smaller cars, apart from 2/3 Wheeler tyres. Your company continues to partner with leading OEMs and many of the new launches in the growing SUV passenger vehicle segment have rolled out on JK Tyre's high performance car radials.

Putting import of tyres in the restricted list by the Government recently, is a welcome step and will be helpful in increasing our volumes in due course.

I am glad that the long awaited vehicle scrappage policy and review of GST on smaller vehicles is finally seeing light of the day. This will go a long way in improving the demand for vehicles and consequentially tyres.

We have always been governed by the philosophy of 'ATMA NIRBHAR'- Indian tyres for Indian roads, and, best in class Indian products for the Globe. Our Global R&D facility, the "Raghupati Singhanian Centre of Excellence" RPSCOE, which is manned by highly qualified scientists and engineers and equipped with best in class R&D facilities, is an integral part of this journey. In our relentless quest for excellence as a future ready company we have accelerated our digital journey across all functions, ranging from 'SMART MANUFACTURING' to SMART MARKETING.

The Company believes that its employees are its biggest asset and ensures that the best industry practices are adopted for them. As a result, the Company was recognised as India's Top 30 Best Workplaces in Manufacturing for 2020. JK Tyre was also selected as a Superbrand for the seventh successive time in 2019.

Your Company's journey as a socially responsible corporate continued on the path, laid over the years as a credo. During the year, several programs were undertaken in the areas of livelihood enhancement, sanitation & healthcare, education, water conservation, rural development, renewable energy, etc. for welfare of the society and for conservation of environment and natural resources.

Going forward, the world is heading towards a new normal and the onus is on us to adapt to the change. We are looking forward to India continuing in its journey to becoming a USD \$ 5 trillion economy. JK Tyre will continue to work towards technology-based mobility solutions. It will continue to be the 'Wheels of the Nation' by providing best-in-class products and services.

I take this opportunity of thanking the Government at the Centre and at various States, and other Regulatory Authorities for their relentless efforts to negotiate through the stumbling blocks triggered by the COVID-19 pandemic, geo-political conditions and generally prevailing lower economic activity.

The trust and confidence of our stakeholders including you, our valued shareholders, have been the vital fuel in our journey through these difficult times. I feel humbled to thank each one of you, Customers, Partners, Stakeholders, Suppliers, Banks and Community at large, for your continued support.

I would also want to express my gratitude towards the entire team JK Tyre for the hard work put in, more so in these difficult lockdown periods, which has enabled the company to break new grounds in digitalisation, as also grow. I once again wish you & your families good health and good times ahead.

Thank you all.”

Resolutions, Questions and Answers sessions and E-voting

Chairman & Managing Director

“Now, I will read and explain items of the business to be transacted as per Notice of this Meeting. The Statement under Section 102 of the Companies Act, 2013 for Item Nos. 4 to 8 is given in the Notice.

All the resolutions have already been put to vote through remote e-voting. Therefore, no resolution is required to be proposed or seconded by the Shareholders at this Meeting.

The first item is for receiving, considering and adoption of the audited standalone Financial Statements of the Company for the financial year ended 31st March 2020 and the Reports of the Board of Directors and the Auditors thereon, and the audited consolidated Financial Statements of the Company for the said financial year and the Reports of the Auditors thereon.

Item No. 2 of the Notice is relating to declaration of Dividend on the Equity Shares for the financial year ended 31st March 2020. The Board of Directors has recommended payment of dividend of 35% on the Equity Share Capital of the Company i.e., 70 paise per Equity Share of Rs. 2/- each.

As I may be deemed to be interested in the next Item of the business, may I request Shri Arun Kumar Bajoria to take the Chair for Item No. 3 of the Notice.”

Shri Arun K. Bajoria, Director & President – International Operations:

“Thank you sir.

The Item No. 3 of the Notice is regarding re-appointment of Shri Bharat Hari Singhania who retires by rotation at this meeting and is eligible for re-appointment as a Director of the Company.

I request Chairman Sir to transact the remaining business.”

Chairman & Managing Director

“Thank you Mr. Bajoria. Item No. 4 is for re-appointment of M/s S S Kothari Mehta & Company as Statutory Auditors of the Company, for a second term of five consecutive years to hold office from the conclusion of this AGM until the conclusion of the AGM to be held in the year 2025, on a remuneration of Rs. 30 Lakh per annum, upto the conclusion of the next AGM.

The next item No. 5 is regarding appointment of Smt. Meera Shankar as a Director liable to retire by rotation and also as an Independent Director of the Company for a term of five years consecutive years with effect from 30th January 2020.

Item No. 6 is regarding re-appointment of Shri Shreekant Somany as an Independent Director of the Company for a second term of five consecutive years with effect from 16th March 2021.

Item No. 7 of the Notice is for ratification of remuneration of M/s R.J. Goel & Co., Cost Auditors of the Company for the financial year commencing 1st April 2020.

The last item of the Notice at point no. 8 is regarding approval of the Related Party Transactions in the normal course of business and on arm’s length basis, between the Company and Cavendish Industries Ltd., a subsidiary, during the financial year 2020-21.

The members are aware that Remote e-Voting facility on all the resolutions was open from 19th September 2020 from 10.00 AM to 21st September 2020 up to 5.00 PM. Therefore, many of the Shareholders may have already cast their votes during this period.

However, those who have not cast their votes through remote e-Voting, have the opportunity to vote now at the facility provided through CDSL portal through which you have logged in.

The Scrutiniser will submit a consolidated Scrutiniser's Report on remote e-Voting and e-Voting at the AGM, not later than 48 hours of the conclusion of this Meeting.

I, authorise Shri PK Rustagi, Vice President (Legal) & Company Secretary or in his absence Shri Sanjeev Aggarwal, Chief Financial Officer, to declare the results of the voting. The results declared along with the Scrutinizer's Report shall be placed on the website of the Company and also on the e-Voting website of CDSL. The results will also be simultaneously forwarded to BSE and National Stock Exchange for placing on their websites and shall also be displayed on the Notice Board at the Registered Office and at the Administrative Office of the Company.

The Company Secretary may now announce names of the Shareholders, who have registered themselves as Speakers to express their views or ask questions, if any. We will respond to the questions at the end, after all the speakers have spoken."

Company Secretary

The Company Secretary announced the names of the Shareholders, who registered themselves as speakers to express their views/ask questions and requested the host to unmute the speakers one by one, namely- Shri Manoj Kumar Gupta, Ms. Hutokshi Sam Patel, Shri Santosh Kumar Saraf, Shri Sarbananda Gattani and Shri Jitendra Pancholi, Members of the Company.

The Members appreciated overall presentation of Annual Report with detailed explanatory notes on various relevant aspects, life time achievement award received by Dr. Raghupati Singhania, Chairman & Managing Director, rolling out of 20 millionth truck/bus radial tyre, acquisition and successful turnaround of Cavendish Industries Ltd., arrangements made for the Annual General Meeting in virtual mode enabling shareholders from different locations to participate in the proceedings, R&D centre of the Company, launching of SMART Tyre which will go a long way to address not only safety concerns but also will help consumers to save fuel cost, various CSR initiatives taken by the Company, increased focus on renewable energy, progress on environment front

to reduce carbon footprint, conservation of water, contribution of employees during countrywide lockdown to minimize impact of COVID-19 pandemic, etc.,

The members enquired about the impact of Covid-19 pandemic on the operations of the Company and its subsidiaries, challenges faced by Auto Industry, availability and prices of raw material and other inputs, number of women employees, CAPEX plans, possibility of restructuring of various subsidiaries, consolidation of promoters' shareholding, optimization of product mix, further optimization of working capital, etc.

The queries of the Speakers were replied by the Chairman. The Chairman thanked the Speakers for their keen interest in the proceedings. The Chairman stated-

“I believe all the questions of the Shareholders have been replied to their satisfaction. May I, therefore, with your permission declare the Meeting as closed. However, please note that the e-Voting window will remain open for another 15 minutes for voting by the Shareholders who have so far not cast their votes. I thank you all once again for your participation in the 67th Annual General Meeting and wish all of you and your family to stay safe and healthy. Thank you very much members for joining us and participating in this AGM and it was indeed very important. Your presence has made all the difference. Thank you so much.”

The meeting concluded at 1.12 PM IST.

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