

FOCUSSED VISION



J. K. Industries Ltd.
Annual Report 2001 - 2002

Dear Fellow shareholder,

This past period has been of landmarks in more ways than one.

Firstly, JK Tyre became "Wheels to the Nation" by completing 25 years of its successful operations and celebrated its Silver Jubilee. The Company made rapid strides and as a crowning glory JK Tyre has truly emerged as an Industry leader by becoming India's No.1 and the largest Four Wheeler Tyre manufacturer during this period. It further consolidated its status as India's No.1 and largest Truck and Bus Tyre manufacturer. This segment alone contributes over 60% of the industry turnover in India.

At this point of time, I pause and reflect on this journey, which began in a small way with the commissioning of our first tyre plant at Kankroli, Rajasthan and in the first year we registered a turnover of Rs. 33 crores. Today, with Vikrant, we have 4 most modern production facilities and are also sourcing products internationally for the global markets where we have foot hold in 60 countries across six continents, with a turnover of Rs. 2,000 crores.

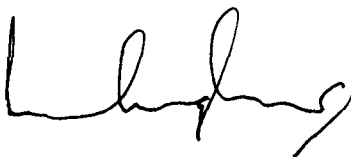
The tremendous growth that has been registered has been possible by way of our pioneering spirit and zeal to succeed. JK Tyre is a Radial leader - as India's only manufacturer of radials for entire range - Truck/Bus, LCVs, MUVs, Jeeps, Cars and Tractors.

With our Commitment to Excellence and focus on R&D, our technological prowess has been brought to the customer by innovating the market and bringing world class products.

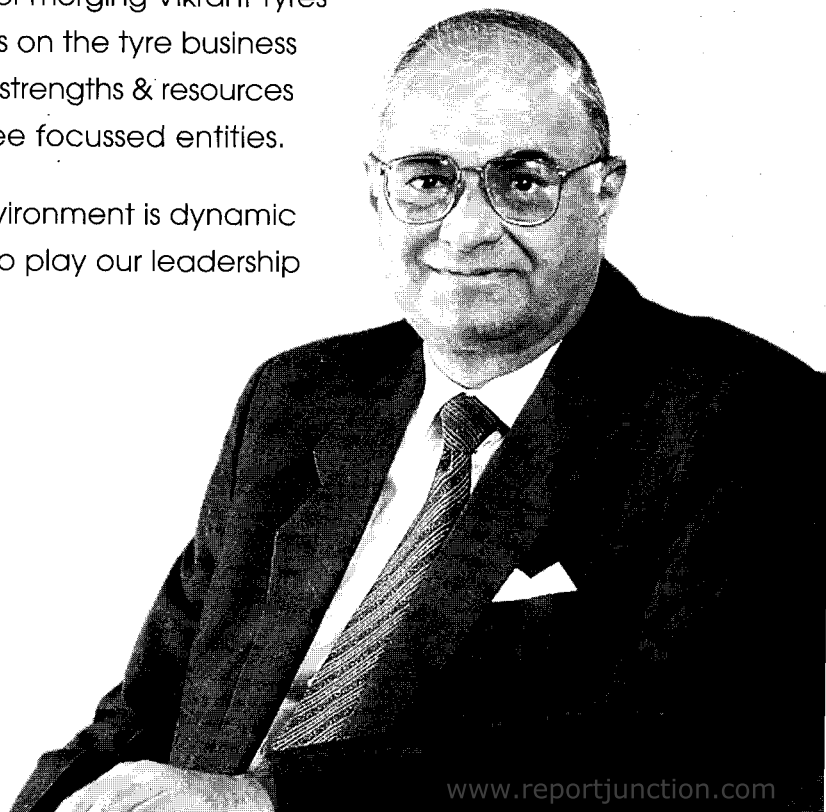
Secondly, J.K. Industries (JKI) was restructured by creating three focussed entities dedicated to Tyre business, Hybrid Seeds and Sugar, and thereafter merging Vikrant Tyres into the residual JKI. We will enhance our focus on the tyre business with a long term perspective and leverage our strengths & resources for consolidation of all our businesses into three focussed entities.

We cannot rest on our laurels. The business environment is dynamic and highly competitive and we will continue to play our leadership role.

For us, the journey has just begun.



Hari, Shankar Singhania
Chairman



Board of Directors

Hari Shankar Singhania

Chairman

Raghupati Singhania

Vice Chairman & Managing Director

Arvind Narottam Lalbhai

Arvind Singh Mewar

Bakul Jain

B C Bose

LIC Nominee

Om Prakash Khaitan

Dr. Vinayshil Gautam

IDBI Nominee

Bharat Hari Singhania

Managing Director

Vikrampati Singhania

Dy. Managing Director

Swaroop Chand Sethi

Whole-time Director

Auditors

Lodha & Co.
Chartered Accountants.

Bankers

Bank of India
Canara Bank
Corporation Bank
Dena Bank
Indian Bank
Punjab National Bank
State Bank of Bikaner &
Jaipur

State Bank of India
State Bank of Mysore
Syndicate Bank
The Bank of Rajasthan Ltd.
The Federal Bank Ltd.
UCO Bank
UTI Bank Ltd.
Vijaya Bank

Plants

JK Tyre:
Kankrolli, Rajasthan
Banmore, Madhya Pradesh
Mysore Plant I, Karnataka
Mysore Plant II, Karnataka

JK Sugar:
Meerganj, Uttar Pradesh

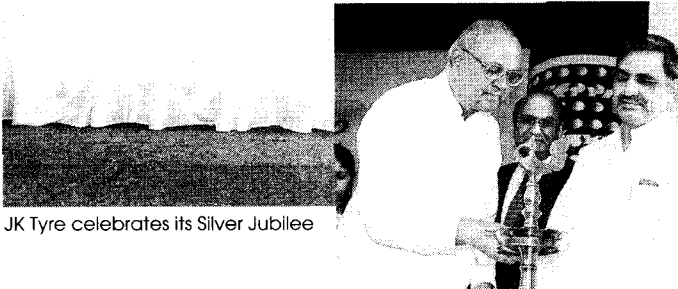
Registered Office:

7, Council House Street,
Kolkata - 700 001.

Administrative Office:

3, Bahadurshah Zafar Marg,
New Delhi - 110 002.

JK Tyre celebrates 25 years of Excellence



JK Tyre celebrates its Silver Jubilee

H.S. Singhania lighting the lamp

JK Tyre celebrates its Silver Jubilee. It has been a glorious two and a half decades embellished with unparalleled achievements that have been pioneering, innovative, and are today industry benchmarks. Meeting diverse challenges over time, JK Tyre is a glittering jewel in the Indian corporate world .

The story of JK Tyre's success -

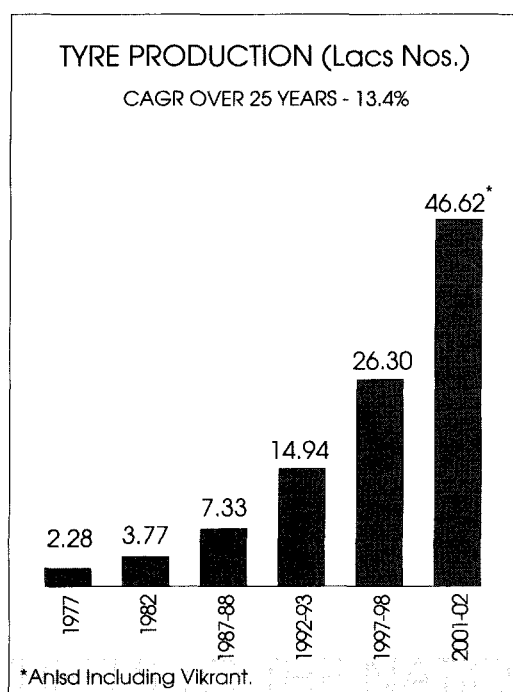
- India's No. 1 and the largest Four Wheeler Tyre Manufacturer
- India's No. 1 and the largest Truck and Bus tyre manufacturer
- Starting with a single production facility in 1977 with a capacity of half a million tyres

per annum, JK Tyre today has 4 modern production facilities strategically located in northern and southern parts of India producing over 4.5 million tyres per annum.

- India's first and only state-of-the-art All Steel Truck and Bus Radial Plant.
- The number one position in truck and bus tyres achieved by understanding the customer needs and segmentising the market with over 22 truck tyre patterns in two power brands - JK Tyre & Vikrant.
- Pioneers of Steel Radials, JK Tyre is the manufacturer of India's first T-rated & H-rated radials capable of performing at speeds up to 190 kmph & 210 kmph respectively as well as India's first All Terrain Radial - Ultima XR.
- JK Tyre is the Radial leader-being India's only



R.P. Singhania giving the oath of quality to senior management team



ELASTOMER AND TYRE RESEARCH INSTITUTE (HASETRI) - Independent and one of its kind, State-of-the-art R&D Centre established in Asia which is today not only a industry landmark but also a vital link between the academic world and the rubber & polymer industry.

- The strong focus on quality has been recognized by way of numerous quality certifications. JK Tyre is the world's first tyre manufacturer to receive - ISO 9001 certificate for its entire operations in one go and QS 9000 certification for multi-location operations. As part of the environmental management systems being practiced at all its plants it also has to its credit the ISO 14001.
- The only tyre manufacturer to receive a

manufacturer of radials for entire range - Truck / Bus, LCVs, MUVs, Jeeps, Cars and Tractors.

- This has been possible with sustained R&D efforts put in by HARI SHANKAR SINGHANIA

JK TYRE
No.1
TYRE MANUFACTURER
IN INDIA

JK TYRE
TOTAL CONTROL

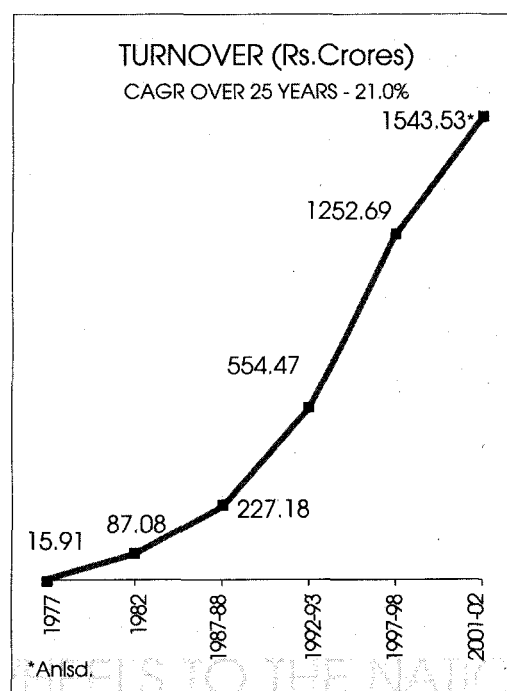
- * No.1 manufacturer of Four-Wheeler Tyres in India.
- * No.1 exporter of tyres in India.
- * Pioneers of Steel Radials for cars in India.
- * 1st to manufacture Truck, LCV and Farm Radials in India.
- * State-of-the-art R&D centre - HASETRI, one of its kind in Asia.

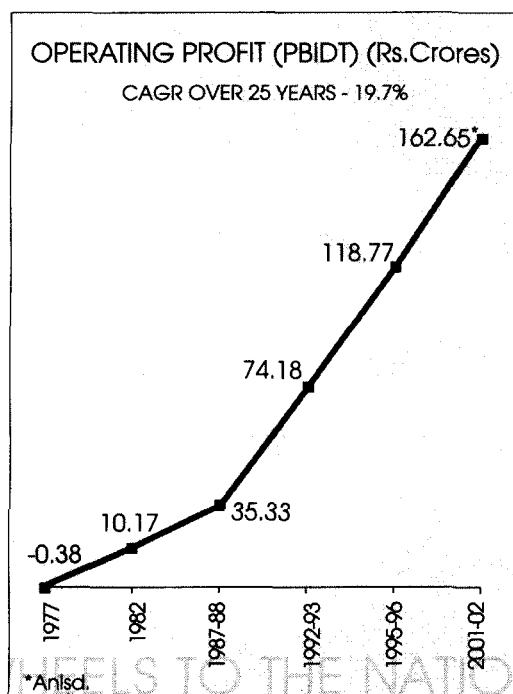
The No.1 tyre manufacturer

PRODUCTION APRIL 01 - MARCH 02**
Figures only for 4-wheeler tyres

	NO.	SHARE
JK Tyre*	45.79 lacs	26.8
MRF	41.72 lacs	19.8
CEAT	35.60 lacs	18.0
APOLLO	33.19 lacs	15.8
GOODRICH	19.88 lacs	9.3
OTHERS	38.99 lacs	18.3
TOTAL	215.5 lacs	100.0

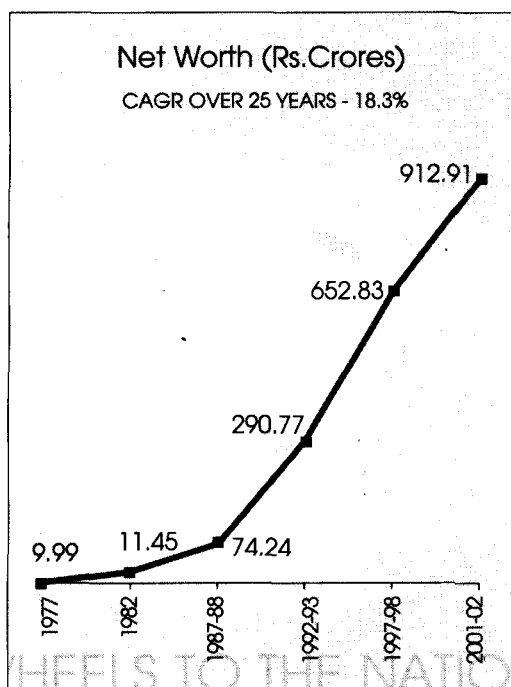
**Industry estimate.
*All tyre figures included here manufactured at J.K. and its subsidiary V/V.





Commendation Certificate from the "CII-Exim Bank award for Business Excellence".

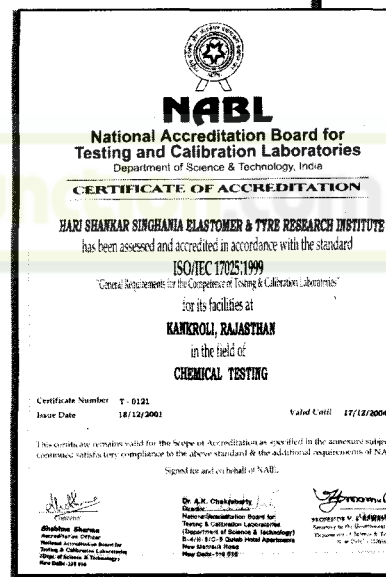
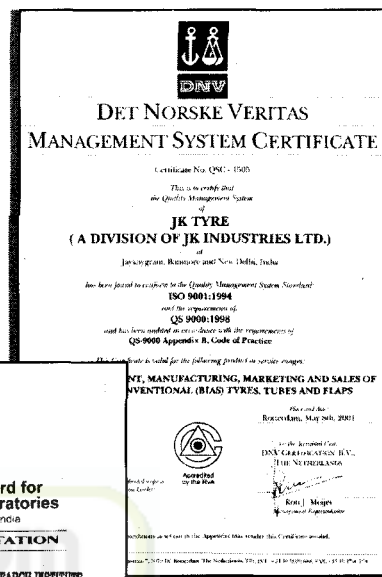
The ultimate recognition is from the customer and JK Tyre is a leading tyre brand in India. JK Tyre



is proud to be associated with leading major automobile manufacturers, and is also the largest supplier to the defence sector.

- Has unbeatable distribution might of over 110 company sales offices, 3500 dedicated dealers nationwide including

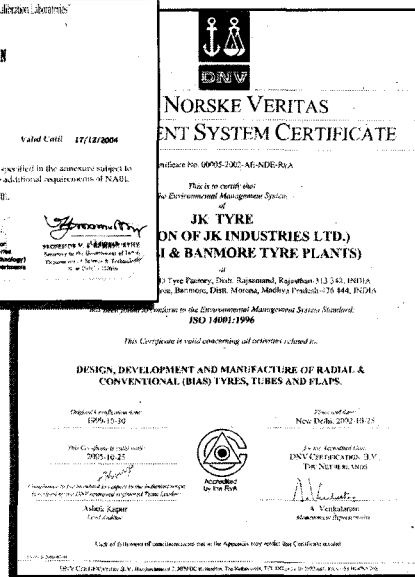
ISO 9001 quality accreditation and QS 9000 certification



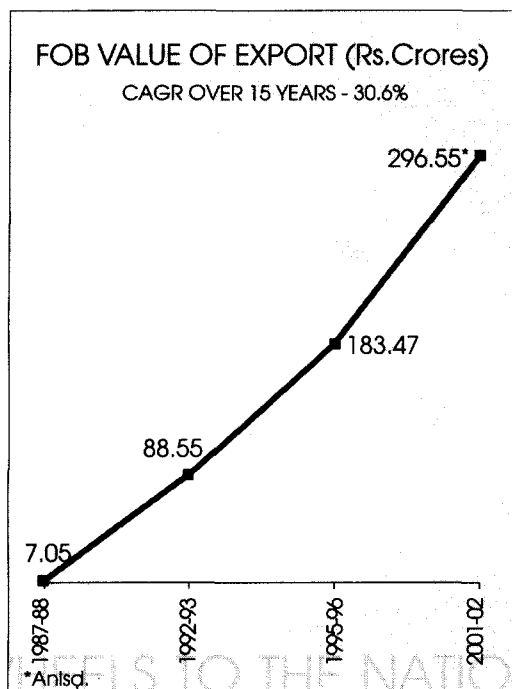
ISO/IEC Guide 25 certification for HASETRI

over 90 exclusive franchised retail outlets branded as "Steel Wheels". It

has to its credit India's first and only unique - "JK Tyre Dial-a-Tyre Service", delivering tyres at the



ISO 14001 certification

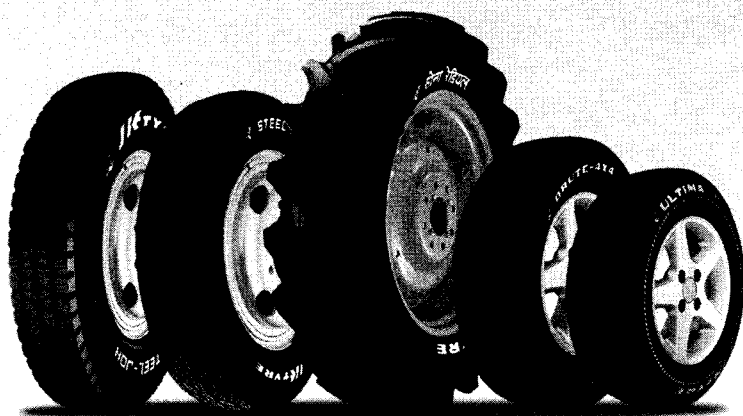


customer's doorstep.

- JK Tyre is also an acknowledged premium player in leading international markets. Globally, JK Tyre is a recognized brand and is India's largest exporter of tyres to over 60 countries across 6 continents and

the winner of numerous export awards including the prestigious Prime Minister's National Export award.

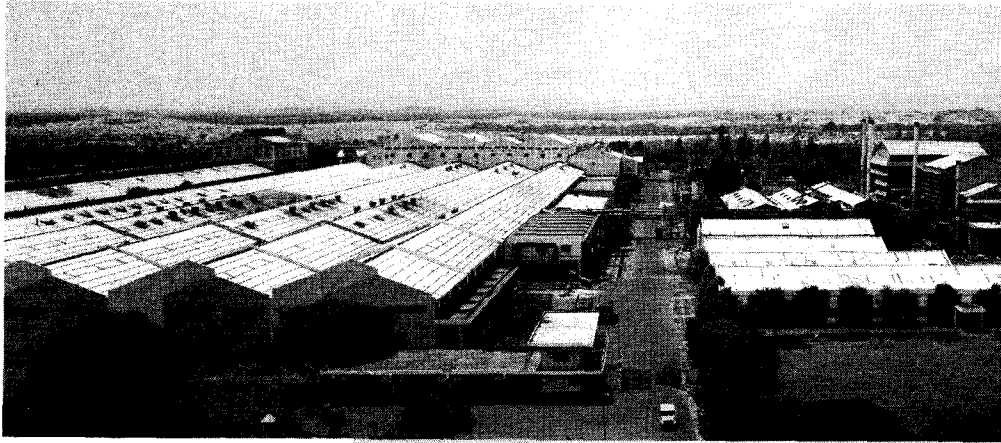
- During these 25 years, JK Tyre has made India's flag to fly high globally in the field of motorsports. The presence of JK Tyre straddles the entire spectrum of motorsports ranging from Go Karting, Rallying, Racing and the pinnacle of Formula racing. Its proteges, Hari Singh - India's first ever Asia zone rally champion in the year 2000 & five times National Rally Champion, Narain Karthikeyan-Formula champion - the fastest Indian in the world, and JK Tyre's Karun Chandhok - India's prodigy in formula racing,



are today household names the world over. JK Tyre will never rest on its laurels but will always strive to stay ahead of the rest-setting the pace, and paving a path for others to follow.

**JK Tyre is 25 years young -
"Wheels to the Nation".**

High Efficiency Plants With Global Benchmarks



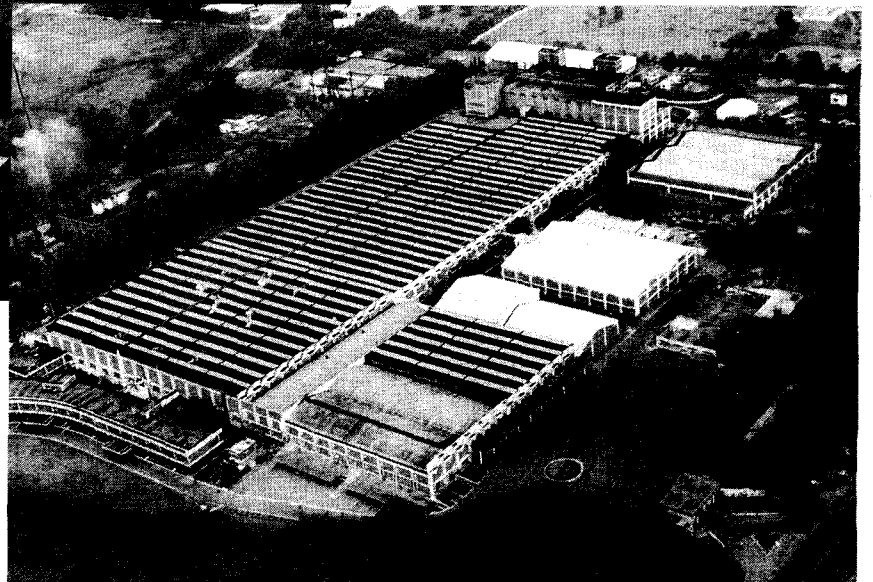
Kankroli Tyre Plant, Rajasthan



Banmore Tyre Plant, Madhya Pradesh



Radial Tyre Plant, Mysore, Karnataka



Vikrant Tyre Plant, Mysore, Karnataka

Directors' Report

TO THE MEMBERS

The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the eighteen months period ended 30th September 2002.

During the period under review, JK Tyre completed 25 years of its successful operations. It is a matter of great satisfaction that over the years Tyre Operations have grown manifold and 'JK Tyre' brand has moved from strength to strength.

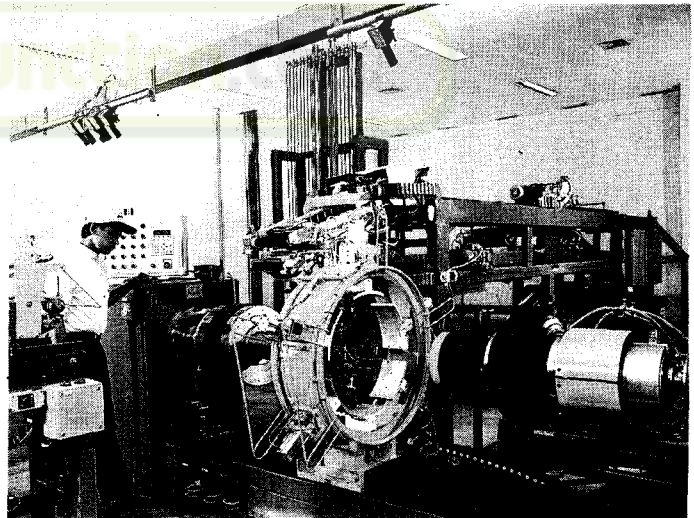
RESTRUCTURING

The Scheme of Arrangement and Amalgamation (Scheme) between J.K. Industries Ltd., JK Agri Genetics Ltd., JK Sugar Ltd. and Vikrant Tyres Ltd. filed in the Hon'ble High Court at Calcutta on 9th January 2003 was approved by the requisite majority of the equity shareholders at their meeting held on 12th March 2003 under the order of the Hon'ble High Court, Calcutta. The Scheme was also filed in the Hon'ble High Court, Karnataka at Bangalore on 9th January 2003 by erstwhile Vikrant Tyres Ltd. and was approved by the requisite majority of the equity shareholders and creditors at their respective meetings held under the order of the said Court. The Scheme has since been sanctioned by the Hon'ble High Court at Calcutta on 6th May 2003 and by the Hon'ble High Court of Karnataka on 2nd September 2003 pursuant to Sections 391-394 of the Companies Act 1956. The Scheme has become effective on 5th September 2003 (Effective Date) and is operative from 1st April 2002 (the Appointed Date).

On the Scheme becoming effective as aforesaid, the Agri Genetics Undertaking of the Company stood transferred to JK Agri Genetics Ltd., and the Sugar Undertaking of the Company to JK Sugar Ltd., both as going concerns on slump sale basis; certain

investments of the Company were also transmitted to JK Agri Genetics Ltd., the Share Capital of the Company was reorganised and Vikrant Tyres Ltd. was amalgamated with the residual Company.

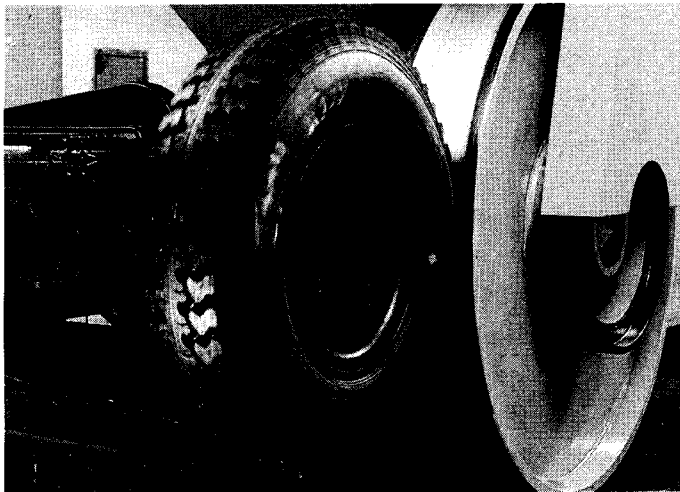
On re-organisation of the Share Capital in terms of the Scheme, for every existing 100 Equity Shares of Rs. 10 each of the Company, the Shareholders were issued 75 fully paid Equity Shares of Rs. 10 each. They will also receive 10 fully paid Equity Shares of Rs.10 each of JK Agri Genetics Ltd. and 15 fully paid Equity Shares of Rs.10 each of J K Sugar Ltd. The shareholders of the erstwhile Vikrant Tyres Ltd.(VTL) were allotted 9 fully paid Equity Shares of Rs. 10 each of the Company for every 20 fully paid Equity Shares of Rs.10 each of VTL. Accordingly,



Radial Tyre Building

the paid up Equity Share Capital of the Company has increased from Rs. 34.57 crores to Rs. 37.46 crores.

Segregation of these three separate and distinct businesses in different companies would enable them to grow and focus in their core areas of operation and facilitate them in further strengthening market leadership in their respective spheres.



MTS-Endurance Load/Speed Testing

With the consolidation of its Tyre business, your Company is poised to reap the benefits of economies of scale, synergy, logistics and marketing besides greater financial strength that will increase its competitiveness.

FINANCIAL RESULTS

The Audited Accounts of the Company for the 18 months period ended 30th September 2002 include the working results of Agri Genetics and Sugar Undertakings for the 12 months period 1st April 2001 to 31st March 2002 and that of the erstwhile Vikrant Tyres Ltd., for the 6 months period 1st April 2002 to 30th September 2002. Impact of the Scheme operative from 1st April 2002 has also been incorporated in the said Accounts.

During the period under review the Company achieved a Turnover of Rs.2315 crores and an Operating Profit of Rs.244 crores. After providing for financial charges, depreciation and tax, the Net Profit for the period was Rs. 20.10 crores.

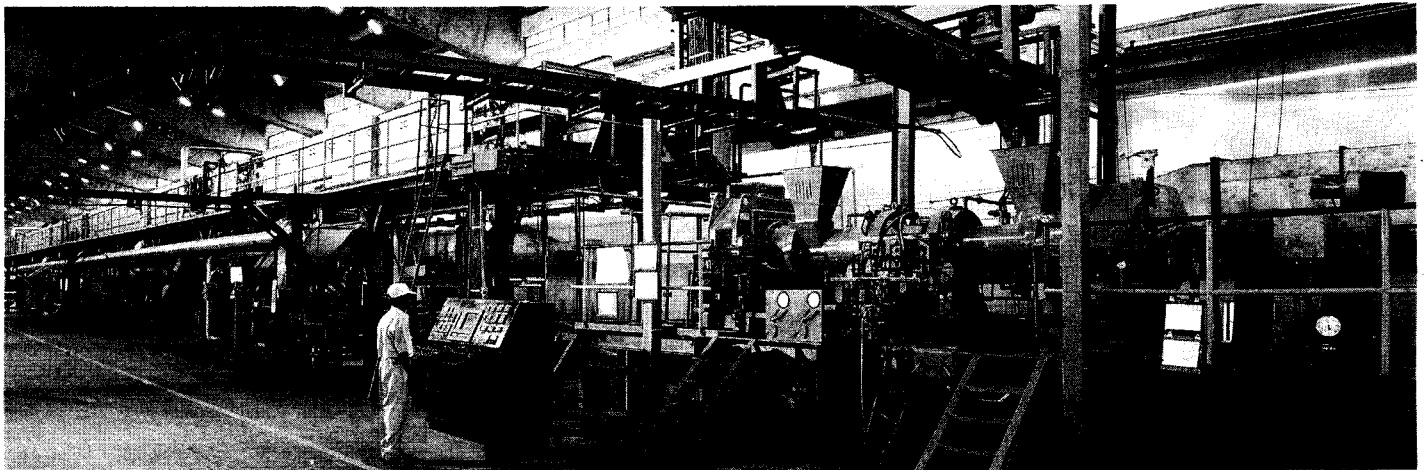
Taking into account the Debenture Redemption Reserves no longer required, the amount available for appropriation is Rs. 46.32 crores.

APPROPRIATIONS

The Directors propose that the available amount of Rs.46.32 crores be appropriated as under:

	(Rs. Crores)
Debenture Redemption Reserve	2.93
Molasses Storage Maintenance Reserve	0.01
General Reserve	2.01
Dividends	7.78
Corporate Dividend Tax	0.38
Surplus carried to Balance Sheet	33.21
	<u>46.32</u>

The period under review witnessed on one hand volatility in prices of major raw materials for Tyre Industry particularly Natural Rubber and petro based materials which constitute almost 60% of the raw material cost and on the other decline in selling prices due to depressed demand for tyres and highly competitive market conditions.



Triplex Extruder