

BIGGER. BETTER.



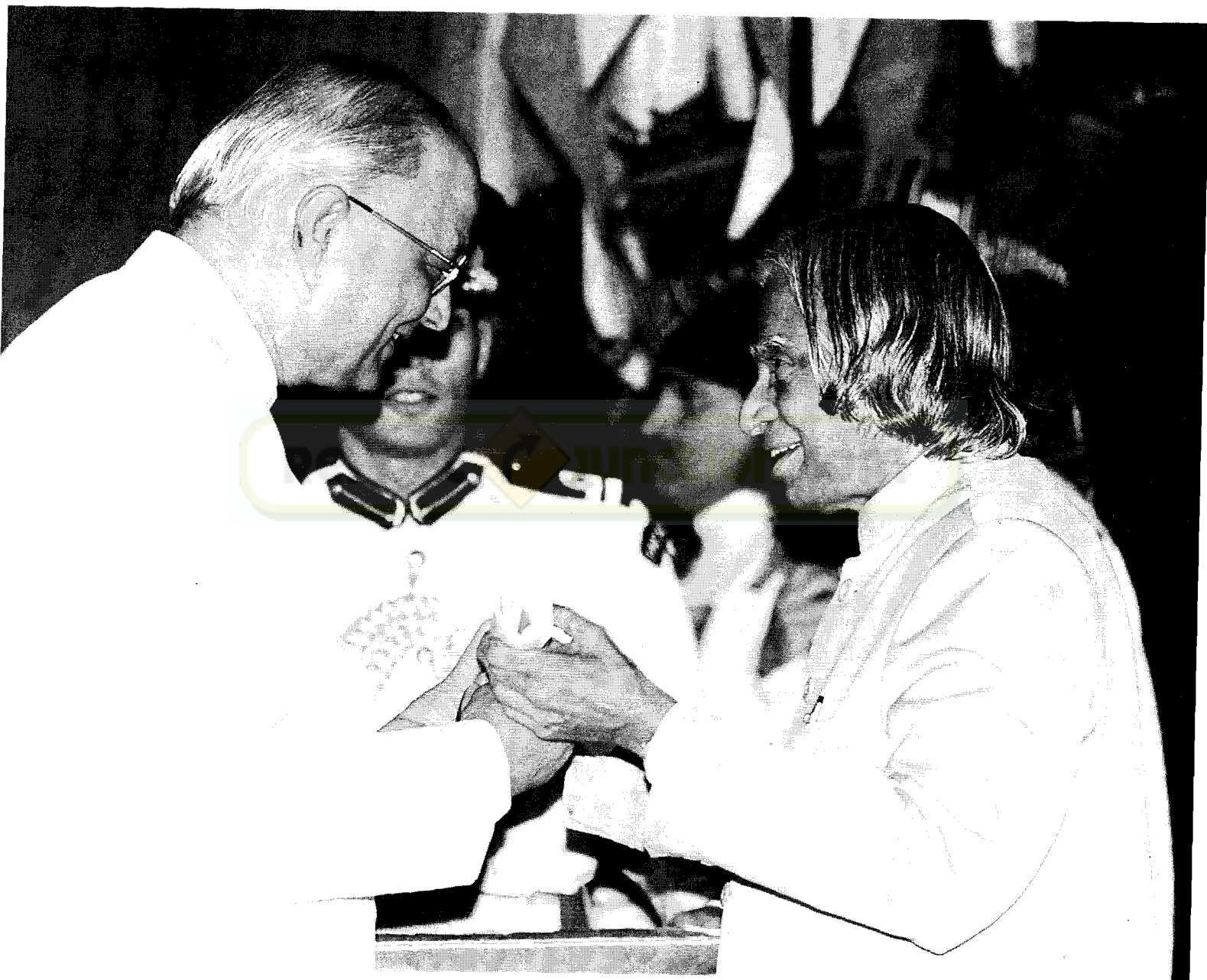
J.K. Industries Ltd.

ANNUAL REPORT 2002-2003

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A VISIONARY HONOURED

Hari Shankar Singhania being bestowed the honour of 'Padma Bhushan' by The Hon'ble President of India, Shri A.P.J. Abdul Kalam



BIGGER, BETTER.

The merger between JK Tyre and Vikrant Tyres has created a mega corporate entity in the Tyre Industry. With this calculated move, JK Tyre is all set to say 'checkmate' to its competition.



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
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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
Kankroli, Rajasthan
Banmore, Madhya Pradesh
Mysore Plant I, Karnataka
Mysore Plant II, Karnataka

Registered Office
7, Council House Street,
Kolkata - 700 001.

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



Dear Shareholders,

Our avowed goal is to relentlessly pursue creation of value for our shareholders, customers, employees and society at large. With this objective, we have taken certain significant strategic initiatives by creating a single business focussed entity, by transferring un-related businesses to two independent entities and consolidating tyre business with the merger of Vikrant Tyres Ltd., into the company. The main drivers underpinning these moves are the push for continued market leadership, economies of scale, productivity gains and operational efficiencies coalescing to create value added growth.

J.K. Industries Ltd. has thus emerged as a tyre focussed entity with leadership position in the Indian Tyre Industry with 'JK Tyre' and 'Vikrant' brands enjoying high reputation in the market place.

The buoyancy in the Indian economy with all round encouraging performance across various sectors backed by strong fundamentals, have instilled a new sense of confidence and optimism in the country. A sustainable 7% growth is now fully achievable. The country is thus poised to take its rightful position among the leading economies of the world in the years to come. What is now needed is persistent pursuit of economic reforms, rapid removal of obstacles in decision making and implementation as well as improvement in the overall governance of the country.

Your company is well poised to take advantage of this emerging scenario. The challenge before us is to fully take the benefit of encouraging growth in the surface transport and automotive industry together with improvement in the road network through The Golden Quadrilateral as well as North-South and East-West corridor highway projects.

The future drivers of growth will not only be to expand and intensify our market presence but also globalise the operations with a thrust on global outsourcing and global market participation together with building on the brand equity enjoyed in the domestic market.

The shareholders would have no doubt noted the recognition by the capital market of the benefits of company's restructuring, which is reflected in increasing market value of the shares. This also demonstrates the re-emergence of faith in the manufacturing sector, which indeed is and would remain the base of India's economic growth.

On this onward journey, I welcome you all to participate in our efforts.

Hari Shankar Singhania
Chairman



A PARTNERSHIP OF STRENGTH

The beginning of the year 2003 witnessed the completion of the business restructuring process at J.K. Industries Ltd. The merger of JK Tyre and Vikrant Tyres has created a titan in the Indian tyre industry with a turnover of over Rs. 2000 crores and the 16th largest tyre manufacturer in the world. This metamorphosis into a Tyre focussed organisation was a strategic step by your company. The Non Tyre businesses have thus been de-merged into separate Companies. The merger of Vikrant Tyres Ltd. with J.K. Industries Ltd. is a logical step forward to achieve the benefits of scale, synergy, logistics and marketing, besides greater financial strength. The leveraging of resources through this consolidation will enhance the competitiveness thereby significantly contributing to better profitability and future growth, thus maximising value for all stake-holders.

The birth of a Tyre Giant

This has also resulted in the coming together of two powerful brands, 'JK Tyre' and 'Vikrant'. This blend represents a fusion of technological expertise, unique R&D infrastructure and a well-entrenched marketing network, which serves as the platform for an aggressive growth strategy to consolidate the leadership position, both nationally as well as globally. The 'Vikrant' brand is popular both in the Indian and overseas markets and has a powerful recall in the commercial segment. It also presents a strategic opportunity to make available a bouquet of products to the customer as per his need. 'JK Tyre' will continue to be a premium brand across all product categories as well as lead the radial revolution in the country.



DRIVING AHEAD TO BECOME A SUPERBRAND

It has always been the endeavour of your Company to make JK Tyre as India's most preferred brand. It is a matter of great pride that JK Tyre is India's first & only tyre brand to get the coveted 'Superbrand' status and to feature in the prestigious Superbrands publication. This is yet another first ever for any Indian Tyre manufacturer and is a unique recognition of JK Tyre's unassailable position as India's top tyre brand in quality and image perception.

The brand vision of JK Tyre has been developed around two simple but effective customer-centric ideals: Quality & Service. These values remain the cornerstones of the brand. As a result, JK Tyre has become a trust-inspiring brand that puts its customers at the centre of its universe with fulfilling customer needs as its focus. JK Tyre has made available to its users an extensive product range at a variety of price points, while continuing its rapid march towards technological innovation and product breakthroughs like the first Truck/ Bus Radials and Tractor Radials to be produced in India. The brand has many notable successes and has won a host of accolades. At JK Tyre, the motto is to spearhead the pace and pave the path for others to follow.



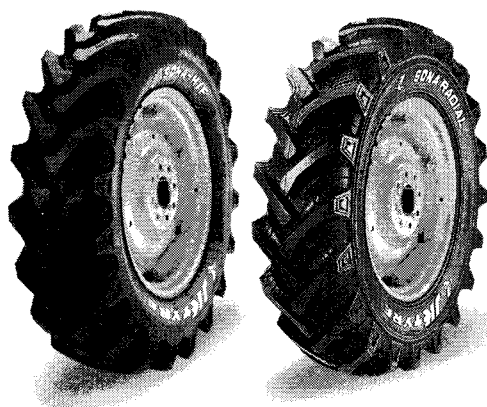
Passenger Car Tyres

JK Tyre continues to be a leading player in the passenger car radial tyre segment with a significant presence both in the Original Equipment as well as the replacement markets. 'Ultima', 'Brute', 'Rally' from the JK Tyre stable are among the most popular car radial brands in the country today. The success story of the brands of this family continues with the introduction of 'Ultima Royale', 'Brute 4x4' and 'Rally' for Maruti Omni. Also, Rally is the most enduring tyre for the taxi segment.

ULTIMA ROYALE and BRUTE 4X4

'Ultima Royale' and 'Brute 4x4' are JK Tyre's new innovations in the highly competitive car tyre market. Ultima Royale is a high performance tubeless radial with asymmetric pattern, excellent grip and cornering stability. Brute 4x4 is an all terrain radial with off-roading capabilities, better traction and superior handling. The product aesthetics in both these new patterns are unmatched.





Ushering in the Green Revolution

Understanding the need to make available the benefits of technology to the agricultural sector, JK Tyre has joined hands with the hardworking Indian farmer to usher in yet another green revolution by the launch of India's first Steel belted tractor rear 'Sona Radial' tyre. Among the key attributes of this product are longer life as well as higher fuel efficiency.

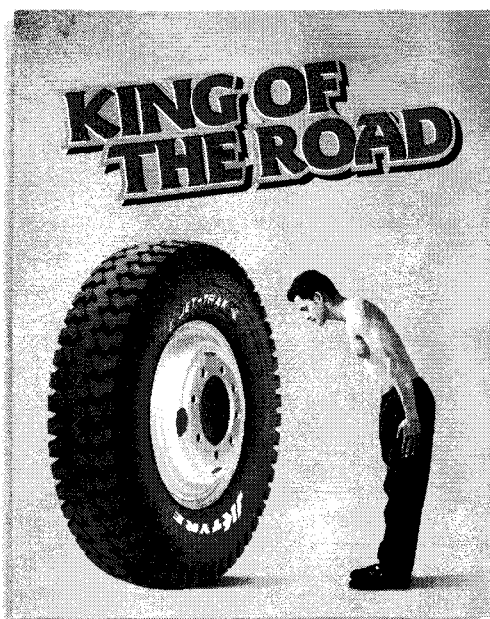
A dual application tyre - 'Sona-H/F' for haulage and field has also been introduced. The addition of these new age products to the highly popular Sona tractor tyre range have been well accepted. After all, agricultural output is as good as gold and hence the communication line 'Lagao Sona, Ugao Sona' has been well received.

Racing ahead in Commercial Tyres

JK Tyre continues to be a leading manufacturer of tyres for the commercial segment i.e. Truck/Buses & LCV tyre which account for the largest chunk of the Indian Tyre market.

'Jet-Trak' - King of Indian Roads

The Jet-Trak truck tyre for the rear wheel is a consistently performing superior product catering to the diverse changing needs of consumers for over a generation and is one of the most trusted & popular brands in the tyre industry. The brand enjoys a tremendous consumer recall and is India's best lug tyre and one of the largest selling brands. This has led to JK Tyre at times being known as the Jet-Trak Company.



JK Tyre launches 'Jet-Trak Mahayatra' as India's best lug tyre gets even better

Coupled with this a unique road show branded as 'Jet-Trak Mahayatra' was launched to showcase Jet-Trak as the king of Indian roads. This road show was organised across 16 states and 25 major transport locations. The event was designed to not only reinforce the communication of a trusted product but also highlight the strengths of JK Tyre. This specially created mobile medium with an audio-visual content was intended to be a highly





Jet-Trak XL & JETKING - 10

Jet-Trak XL is a premium lug tyre with 'U' lug, higher contact area and special grooves, which lead to super

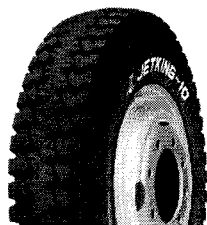
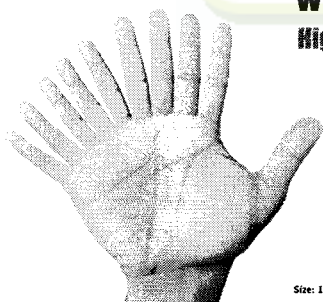
interactive platform not only to educate the targeted consumer audience but also for receiving valuable customer feedback. Games and recreational activities at the Jet-Trak show further created buzz around the brand which has earned the title of 'Sadak Ka Badshah'.



'Sone Se Malamaal Offer'

In order to reward the loyal consumers of Jet-Trak a massive consumer promotional offer, 'Jet-Trak Ka Kamal Sone Se Malamaal' was also launched. This promotional offer entitled a customer to a 22 carat half gram gold coin on purchase of two Jet-Trak tyres. This offer created tremendous excitement during the festive season.

New JETKING-10 with double advantage. High mileage. Excellent retreadability.



Size: 10.00-20 16PR

mileage. Jetking -10 features wider centre rib, tough nylon casing and special tread compound for extended durability.

On the marketing and promotion front, JK Tyre has set new standards in product merchandising and display for truck tyres to complement the excellence in product quality.

The JK Tyre Diwali Hungama

The road transport sector is the backbone of the nation's economy. Contributing silently are truckers behind the wheel who undergo numerous hardships and are often away from their families on festive occasions. Recognizing the need to create a home away from home, during

Today, JK Tyre offers a wide range of patterns

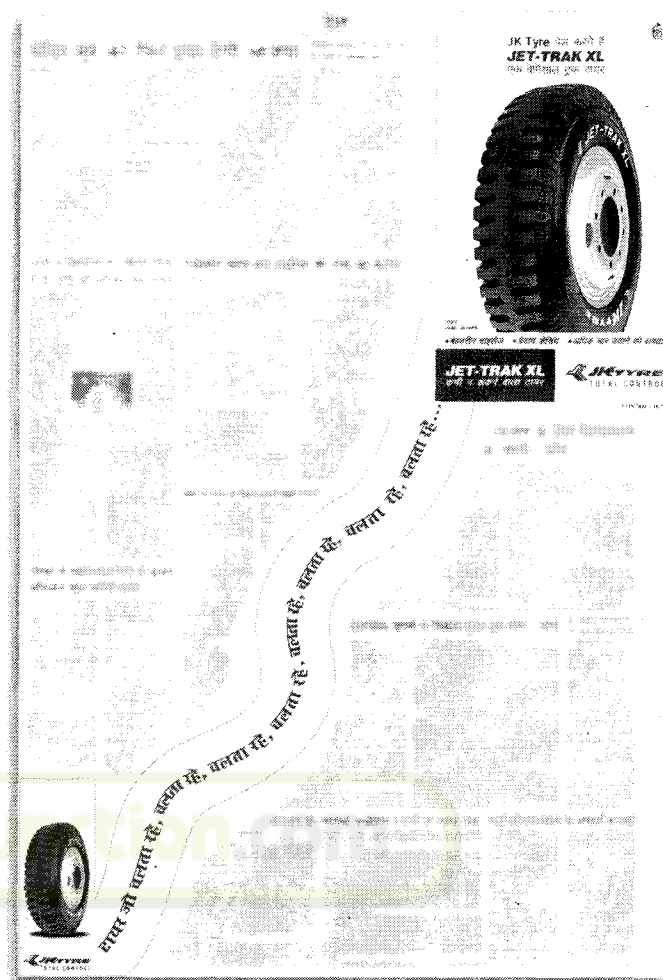


This strategy of developing products for

Revolutionary Tyre with Revolutionary Communication

Spearheading the Radial Revolution in Truck and Bus Tyres

Anticipating high levels of radialisation in the truck and bus segment in line with global trends and as a radial pioneer, JK Tyre established India's first and only All Steel Truck/Bus production facility. Introduction of world class commercial vehicles, changing freight and passenger movement trends coupled with the rapid development of the road infrastructure radialisation in this segment is accelerating. Your company has deployed significant resources in adapting the product for Indian conditions as well as development of the market. We are able to state with pride that the foresight of six years ago which is well ahead of the next expected entrant is paying rich dividends and this product line is making a significant contribution to the turnover both in the domestic and export markets.



Global Presence & International Operations

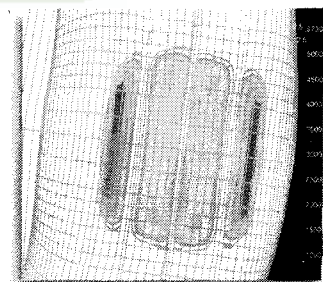
J.K. Industries Ltd. continues to be largest exporter of tyres from India accounting for 30% of total tyre exports. It has been awarded the Capexil award for the highest exports in the non mineral sector. The footfall of brand JK Tyre spans 60 countries across 6 continents.

JK Tyre is enhancing its global footprint and as a first step significant presence in China has been established. The presence is by way of outsourcing arrangements as well as participation in manufacturing as technology partners. JK Tyre has entered into a strategic alliance with (Guangzhou Pearl River Rubber) a Tyre Company situated at Guangzhou, China. Products are outsourced in the JK Tyre Brand for global markets in the commercial tyre segment.

JK Tyre's technological and manufacturing prowess in the heavy loading truck tyre segment is well known. Today heavy duty bias tyres are manufactured with JK Tyre technology and 'Pearl River JK Tyre' branded products are being successfully marketed in the Chinese market.

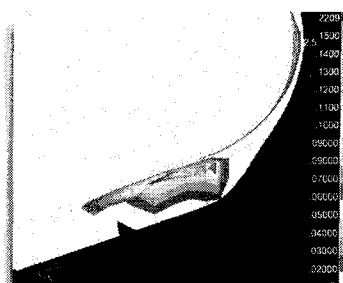
R&D, Technological and manufacturing prowess

The above achievements have been made possible by sustained efforts and investments in R&D, Technology & Manufacturing capability. The Hari Shankar Singhania Elastomer and Tyre Research Institute (HASETRI) at Jaykaygram, Rajasthan is the in-house R&D center for rubber and allied technology. The center is the only one of its kind in Asia to receive the ISO 9002, EN 45001 and NABL accreditation based on ISO/IEC 17025:1999. The products of JK Tyre are developed and tested in this state-of-the-art R&D center. The institute is also involved in various collaboration projects with leading research agencies both in India and abroad. HASETRI is presently engaged in FEA and NDT studies with IIT Chennai, Elastomer studies with IIT Kharagpur and partnering IIT Delhi in the study of textiles.



The internationally acclaimed Smithers' in USA is also working with HASETRI

in the field of VDD and Tyre Mechanics. HASETRI is among the leading voices on Finite Element Analysis. The institute, using 'ABACUS', the best Non-Linear Finite Element Analysis packages determines: Tyre Inflated Dimensions, 3D Load Deflection, Static Loading Radial (SLR), Footprint Shape, Footprint Pressure Distribution, Steady State Rolling Dynamic Loaded Radius (DLR), Steady State Cornering, Strain Energy Distribution.



The technological skills inherent in your company have enabled it to be associated with OE manufacturers for product development as per their need right from the design stage. Keeping apace with the rapidly growing & dynamic automotive sector, new and superior products are developed & made available within the shortest possible lead time.