



LEADING TOGETHER

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J.K. Industries Ltd.



Dear Fellow Shareholders,

As I look at the year gone by, reflections of significant changes come to my mind.

India's continuous high growth reaffirms that we as a nation are progressing on a solid foundation and that this rapid pace of growth is sustainable over time. More so, in few years, India shall be the nation to have the largest population of young people. This is what promises India and its citizens a bright future and a lead position in the world.

At J.K. Industries, we recognized the power of people early on. Whatever be the business situation or economic condition, people make all the difference. It is with this belief in people that I look back at 2004-05 with satisfaction.

JK Tyre achieved an all time high turnover of Rs. 2,400 Crores. It is all the more heartening that JK Tyre also ranked No.1 in the Tyre Customer Satisfaction Study conducted by JD Power Asia Pacific 2005 – yet another landmark achievement made possible by the power of people at work.

We in India are changing. A high growth economy with investments in infrastructure development is expected to bring about all round development in manufacturing, business, trade and our daily lives. The automobile industry hence shall become large beneficiary of such rapid infrastructure development. This shall directly fuel tyre demand in the following years.

Your Company is adding capacities that shall help it take the advantage of this opportunity. I firmly believe that the teams of people at JK Tyre see this as a challenge and shall make the biggest difference in giving JK Tyre the leadership in the Industry.

At JK Tyre, its all about People "Who make the difference".

Wish you all a 'Happy & Prosperous 2006'.

A handwritten signature in black ink, appearing to read 'Hari Shankar Singhania'. The signature is fluid and cursive, with a large initial 'H'.

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

I M Vittala Murthy, IAS

Om Prakash Khaitan

R K Vashishtha
LIC Nominee

Dr. Vinayshil Gautam
IDBI Nominee

Bharat Hari Singhania
Managing Director

Vikrampati Singhania
Dy. Managing Director

Swaroop Chand Sethi
Whole-time Director

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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

Jaykaygram, 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.

Vice President (Corp. Laws) &
Company Secretary

P K Rustagi

Visit us at www.jktyre.com

JK Tyre ranked **No.1** in **Customer Satisfaction*** by J.D. Power Asia Pacific StudySM 2005

Customer power speaks for itself...



*J.D. Power Asia Pacific, 2005 India Original Tyre Satisfaction StudySM. Study based on a total of 2,192 consumer responses at 12-13 months of ownership. www.jdpower.com



Dear Shareholders,

The year gone by was a fulfilling one with JK Tyre being ranked No. 1 in the 'Tyre Customer Satisfaction Index Study' conducted by JD Power Asia Pacific 2005, India. This coveted recognition is the culmination of the hard and sincere work put in by 'your Company's people at all levels. I take this opportunity to convey my sincere appreciation on this occasion. I specially wish to acknowledge the support of our valued customers in attaining the leadership position in the tyre industry in India. JK Tyre continues to be India's only Tyre 'Superbrand'.

Your Company maintained its leadership across the range of bias and radial tyres in India. It achieved a production of 57.74 lakh tyres with a turnover of Rs. 2,400 crores, both highest ever for the Company. The year also witnessed another important landmark, with the roll out of 'One Millionth' All Steel Truck/Bus, Radial Tyre. Your Company continues to produce more than 80% of India's All Steel Truck/ Bus Radial Tyres.



Your Company has been able to participate in this growth through constant interface with the customers to understand their needs, which has helped your Company to develop new products of high quality and superior performance. The Company also launched various new tyres, the principal ones being Jet Xtra, Jet Rock and Jet Star for segment specific bias truck applications, apart from nine new tyres introduced for LCVs.

Another significant achievement for your Company this year was developing tyres for new generation global car – 'Swift'. This was followed by yet another leading OEM selecting your Company for supplying specially developed Elanzo tyres for their luxury 'Scorpio' vehicle.

The expansion of truck/ bus radials by 50% was completed and has now become operative. In addition, passenger radial capacity has been further expanded by 30%. Further expansions are underway to capture growing demand for JK Tyre.

Your Company continues its global presence in over 60 countries with export turnover of Rs. 383 crores.

We look forward to another exciting year ahead of us.

I wish you, dear shareholders, a very 'Happy & Prosperous New Year'.

Raghupati Singhania

Vice Chairman & Managing Director

DIRECTORS' REPORT

TO THE MEMBERS

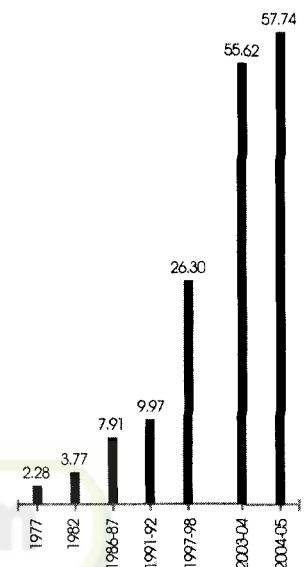
The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended 30th September 2005.

During the year under review your Company achieved yet another milestone and the turnover touched an all time high of Rs. 2,400 crores. Operating Profit for the year was Rs. 132 crores and after providing for cost of borrowings, depreciation and taxation, Profit After Tax is Rs. 17 crores as against Rs. 12 crores in the previous year.

There has been a sharp increase in input costs in view of increase in the prices of petro-based raw materials. Commensurate increase in the selling prices of tyres could not be made thereby affecting margins. It is a matter of concern that this overhang of increase in input costs continued throughout the year. The Company has been trying to meet this difficult situation by adopting various measures including aggressive cost cutting, business process improvements, product re-engineering as also enrichment of product and market mix. The

Company has also renegotiated the rates of interest on existing term loans. As a result, interest cost in the current year is expected to witness a significant reduction. Completion of expansion resulting in increased capacities coupled with aforesaid steps, is expected to result in improvement in the margins in the coming year.

TYRE PRODUCTION
(Lac Nos.)



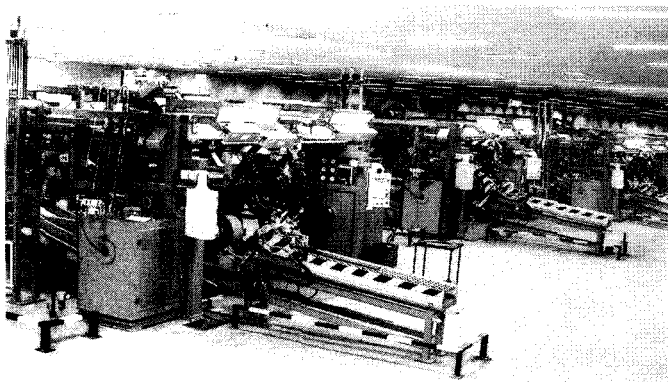
APPROPRIATIONS

The amount available for appropriation, including surplus from previous years and debenture redemption reserve no longer required, is Rs. 57.81 crores. The Directors propose this to be appropriated as under:

	Rs. Crores
Debenture Redemption Reserve	5.99
General Reserve	1.75
Dividend	7.49
Corporate Dividend Tax	1.05
Surplus carried to Balance Sheet	41.53

DIVIDEND

Your Directors are pleased to recommend dividend of 20 % (Rs. 2 per Equity Share) on the Equity Share Capital of Rs. 37.46 crores. The dividend outgo will



Series of 'state-of-the-art' unistage tyre building machines at BTP.



“ When we make tyres we don't think of cars, but people. And that's why we take great care in each level of production. **”**

Rajesh Sharma (Member Production Team, JK Tyre)



Dy. Chief Minister of Karnataka, Shri Siddaramaiah at the roll out of the One Millionth JK Truck/Bus Radial Tyre

be Rs. 8.54 crores (inclusive of dividend tax of Rs. 1.05 crores) as against Rs. 8.47 crores (inclusive of dividend tax of Rs. 0.98 crores) in the previous year. The dividend in the hands of the shareholders is tax free.

SUSTAINED LEADERSHIP AND GROWTH

The Company continues to play a leading role in the Tyre Industry in India. During the year, production increased to 57.74 lac tyres compared to 55.62 lac tyres achieved last year. All the four Tyre Plants of the Company operated at optimum capacities producing world class quality tyres.



CUSTOMER FIRST

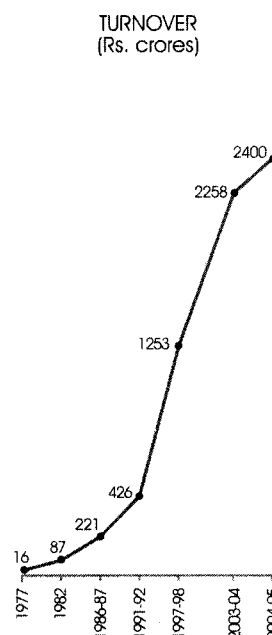
It is a matter of great pride that your Company has been ranked No.1 in

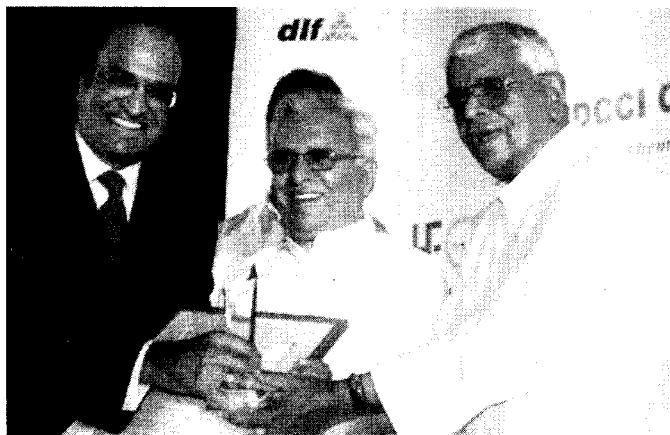
the 'Tire Customer Satisfaction Index Study' conducted by J D Power Asia Pacific 2005 India. Your Directors acknowledge the support of all its valued customers in attaining the leadership position in the Tyre Industry in India. JK Tyre continues to be India's only Tyre 'Superbrand'. It reinforces our belief of putting the 'customer first' in all our endeavours.

TRUCK/BUS RADIAL TYRES

During the year, your Company achieved yet another milestone and rolled out One Millionth All Steel Truck/Bus Radial Tyre. The Company has produced radial truck/bus tyres of the value of more than Rs. 1,000 crores so far and has been exporting the same to several global markets. Your Company continues to produce more than 80% of India's All Steel Truck/Bus Radial Tyres.

The expansion of capacity of Truck/Bus Radials by 50% was completed





Raghupati Singhania receiving the 'Udyog Ratna' Award from Shri Babulal Gaur, Chief Minister of Madhya Pradesh

and has now become operative. This would allow the Company to continue its leadership role in this vital growth area and meet India's growing demand for Radial Truck Tyres. Innovative Promotion and Concept Selling marketing strategy helped the Company to accelerate the use of Truck/Bus Radial Tyres in the country. With renewed thrust on the improvement and enlarging road network and highways, the pace of radialization shall pick up in the years ahead. Increasing number of buses are being fitted with radials and with the increased road movement as a result of better road quality and network, radials will find application on larger number of buses. Plans are well under way to further expand the capacities to meet the demand for accelerated radialization.

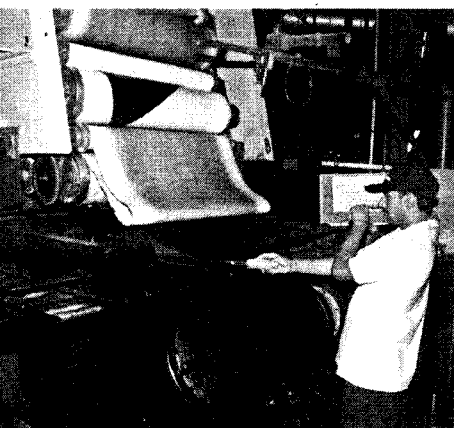
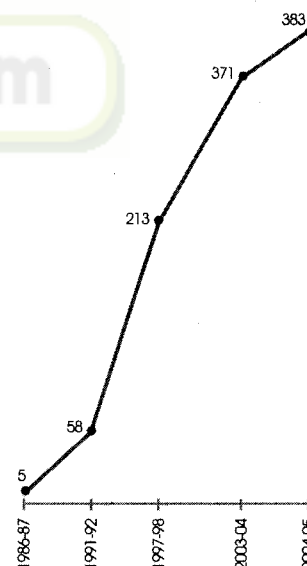
EXPANSION

In addition to expansion of the truck radial capacity as mentioned above, the passenger radial capacity expansion by 30% has nearly been completed. The benefits of both these enhanced capacities will be available in the coming year. To meet the surge in demand for the Company's tyres as also maintaining our leadership in the Tyre Industry, further capacity expansion is planned.

EXPORTS

Your Company continues to be the lead exporter of tyres from India. During the year, exports increased to Rs. 383 crores. The Company has developed an extensive global marketing network and its tyres are sold in 60 countries across 6 continents. 'JK Tyre' is a preferred brand in several leading global markets.

EXPORTS
(FOB Value in Rs. crores)



“ जे के टायर के साथ हमारी जिन्दगी भी बेहतर हो गई है। हमने जे. के. कम्पनी के लिये जितना किया उससे कहीं ज्यादा इस कम्पनी ने हमारे लिए किया है। ”

Pooran Singh (Factory Worker - JK Tyre)

("With JK Tyre our lives have improved in many ways. The company has given us much more than we had contributed.")



H.K. Chopra, Advisor Exports, receiving the prestigious 'Niyat Shree' Award from Shri Kamal Nath, Union Minister for Commerce & Industry

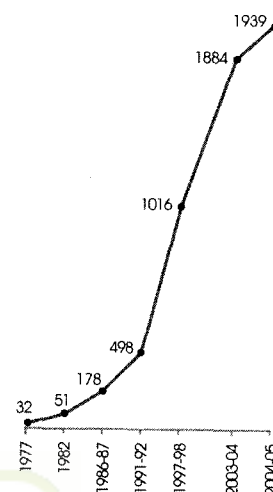
This is yet another recognition of the Company's world class quality tyres.

HUMAN CAPITAL

The Company believes that human resources are key to the success of business. It has been

taking several steps to enhance employee skills through training & development, empowerment and nurturing talent. In recent years, major initiatives on Competency based Leadership Development and Business Process Re-engineering were taken up which have yielded excellent results.

GROSS BLOCK
(Rs. crores)

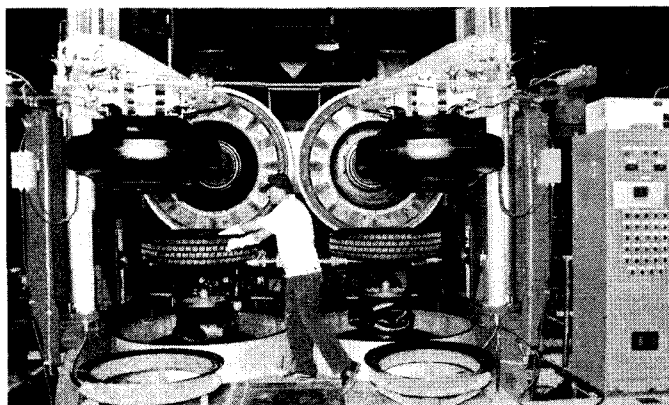


CONSERVATION OF ENERGY ETC.

The details as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are annexed.



Premium Radial Tyre Range



Tyre Curing Press, VTP II

DIRECTORS

Shri Bakul Jain, Shri O.P. Khaitan and Shri S.C. Sethi retire by rotation and being eligible, offer themselves for reappointment at the Annual General Meeting.

Shri R.K. Vashishtha, representing Life Insurance Corporation of India (LIC) was appointed by the Board of Directors as an Additional Director pursuant to Section 260 of the Companies Act 1956 with effect from 29th April 2005. The Company has received notice pursuant to Section 257 of the said Act proposing candidature of Shri R.K. Vashishtha for appointment as a Director liable to retire by rotation at the ensuing Annual General Meeting.

The Board recommends the appointment. Shri B.C. Bose, who was a nominee of LIC, ceased to be a Director of the Company with effect from the said date. The Board places on record their appreciation of the valuable services rendered by Shri B. C. Bose during his tenure of office.

SUBSIDIARY COMPANIES

The particulars required under the provisions of the Companies Act 1956 in respect of the subsidiary companies are appended.

AUDITORS

M/s Lodha & Co., Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment. The observations of the Auditors in their report on Accounts read with the relevant notes are self explanatory.

COST AUDIT

The Audit of the Cost Accounts of the Company for the year ended 30th September 2005 will be conducted by the Cost Auditor and the Cost Audit Report will be submitted to the Department of Company Affairs, Government of India.



“ हम कम्पनी में काम कर रहे सभी लोगों को तरोताजा रखते हैं। ताकि वे लोग हमेशा आगे बढ़ते रहें। हम लोग पूरी संस्था को उर्जा देते हैं। ”

Dilip Sharma (Canteen operator, JK Tyre)

("We refresh the minds of the people working at JK Tyre so that they keep moving forward. We fuel the entire organisation.")