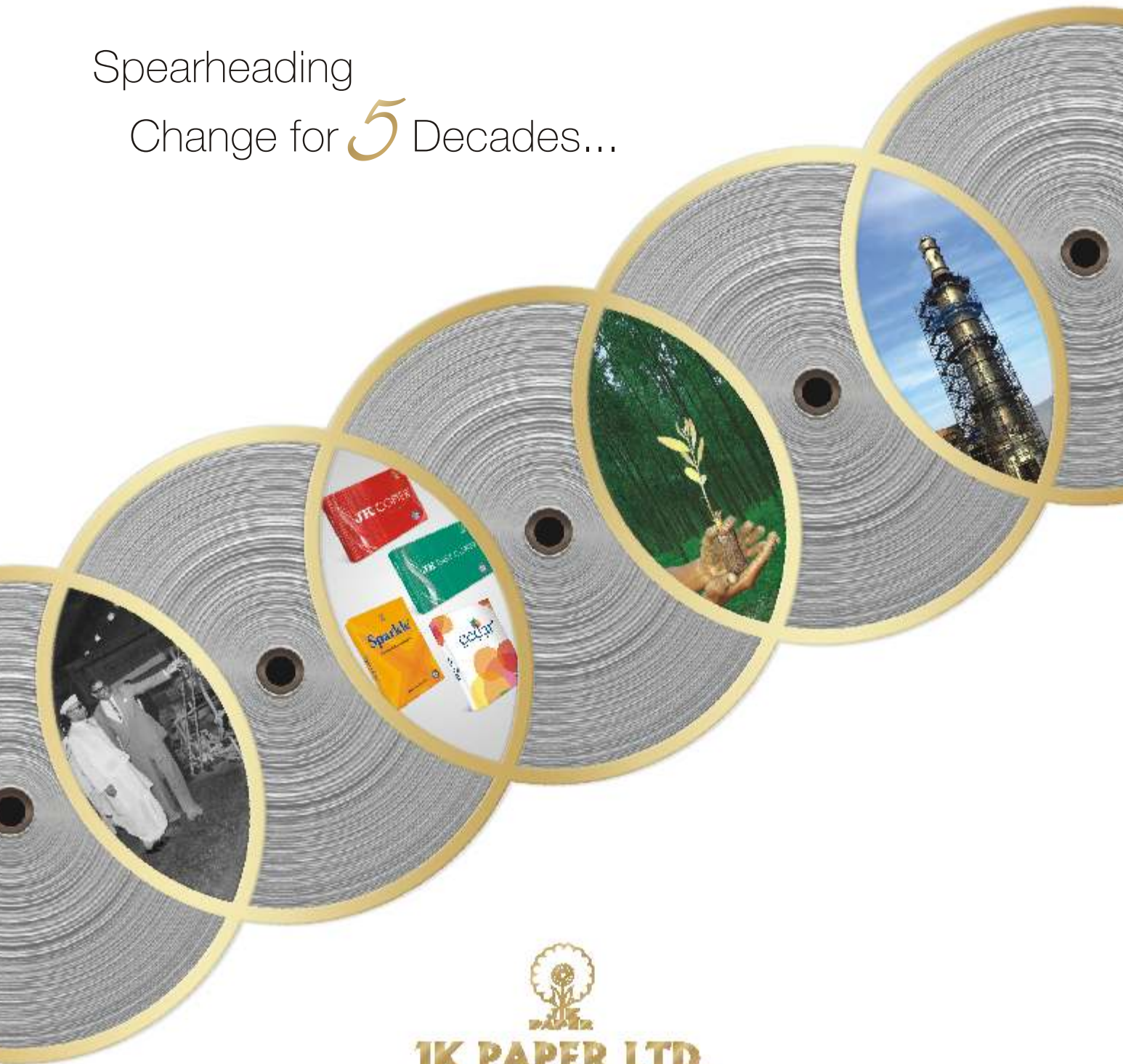


ANNUAL REPORT 2011 - 2012

Spearheading
Change for *5* Decades...



JK PAPER LTD.

5 DECADES OF CHANGE.

Much has changed over the years,
since our inception. Yet essential values remain the same—
of excellence and reaching new frontiers.

Here are some of our milestones

FIRSTS

Introduced Surface Size Maplitho paper in India



Mass market Branded Copier in India



Setting up World Class Pulp Mill in India



Get ISO 9001 & 14001 certification in Indian Paper Industry

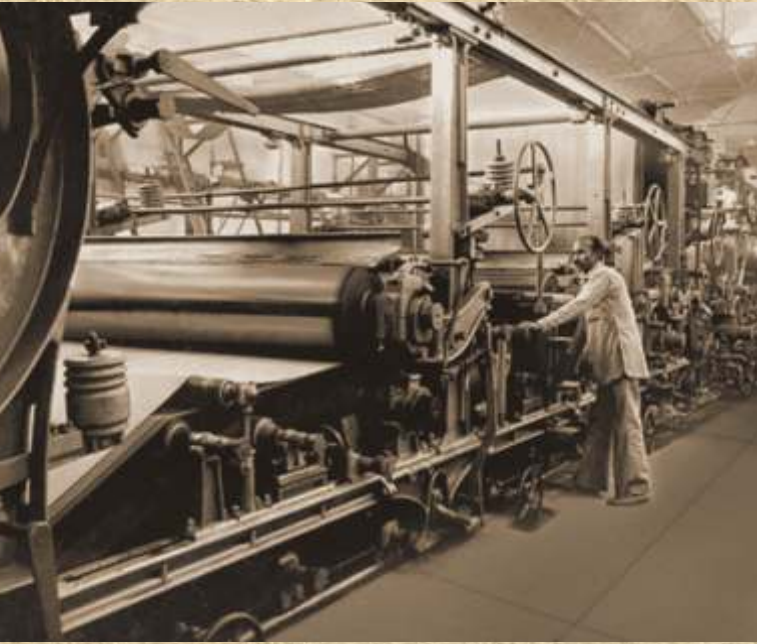


Indian Paper company to get TPM certification from JIPM Japan,
3rd Paper company in the world.



Indian Paper company to introduce ColorLok® technology

THE JOURNEY THUS FAR...



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Chairman's Statement

Dear Shareholder,

Global paper and board industry in the last 15-20 years, has been witnessing a shift in demand away from North America and Europe towards Asia and South America. Asia now accounts for almost 40% of global consumption.

Indian Paper and Packaging Board industry in particular is emerging as an important global player. It is already among the top 15 global markets and is expected to improve its ranking further over the next 4-5 years. The industry has been showing strong growth in recent years thanks to rising literacy, consumerism and increasing commercial activities.

Most of 2011-12 was a challenging period for the Paper and Board industry due to economic slowdown and rising costs of inputs. I personally believe that this is a temporary phase and we are already seeing some signs of recovery.

JK Paper has been taking pro-active steps to fully utilise the opportunities as well as respond to the future challenges. Your Company has introduced ColorLok® papers so as to meet the growing demand for high quality papers required for digital printing.

The expansion programme at unit JKPM in Odisha will augment the Office paper capacity by 1,65,000 tonnes per annum and the total Company capacity to 4,55,000 tonnes per annum. The project is on track and we should be able to start commercial production from the enhanced capacity in the first half of 2013. It is also utilising a state-of-the-art technology which will not only deliver high quality paper but also conserve resources like energy and water significantly. This will reduce costs and help us to be among the high quality producers of paper in the country at competitive costs.

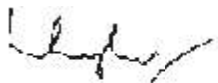
The Company has also been aggressively stepping up its plantation activities so as to secure its raw material supplies. It is heartening to note that the Company has cumulatively covered over 90,000 hectares through its farm forestry programme. This along with the commissioning of enhanced in-house pulping capacity should provide better raw material security to the Company in future.

JK Paper has been taking up CSR initiatives through adult literacy programmes, healthcare support through medical camps and mobile vans as also through community and livelihood interventions. With the formation of our own Non-Governmental Organisation (NGO), Sparsh, we will be able to step up our CSR activities and focus our attention on those areas where the society needs maximum support.

Unit JKPM will be completing its Golden Jubilee in October 2012, an important milestone, in the history of the Company. I take this opportunity to thank all of you for your active cooperation and I am confident that with your continued support the Company will cross many more milestones and become a more vibrant and fast growing organisation.

I wish all of you and your families all success in your endeavours.

Thank you!

A handwritten signature in black ink, appearing to read "Hari Shankar Singhania".

HARI SHANKAR SINGHANIA



Managing Director's Message

Dear Shareholder,



JK Paper achieved a growth of around 9% in sales turnover in 2011-12 despite difficult market conditions and overall economic slowdown. Supply disruptions in coal, increasing raw material costs and inability to pass on other cost hikes in the market place resulted in substantial decline in profits. Towards the end of the year, however, things have started to look up.

Financial closure for the Rs 1653 crore expansion project at Unit JKPM in Odisha was completed during the year. This State-of-the-art plant is expected to go on-stream in early 2013. With this, the Company would be able to strengthen its leadership position in office papers and meet the growing demand for paper from the digital printing industry. The Company's brands in the High end Packaging Board and Coated Paper segment continue to be well received in the domestic as well as overseas markets.

Indian Paper and Board Industry has a good growth potential in the coming years and growing thirst for education and information is expected to sharply enhance the size of the market. Your Company is well positioned to take full advantage of this, especially in the value added and branded segments. JK Paper has introduced over the years, several products specifically designed to meet the exacting requirements of consumers across different product segments.

The Company's strategy of moving up the value chain has helped it face increased competition. JK Paper is the market leader in Office papers and amongst the top 2 players in Coated and High end Packaging Board segments, thanks to the aggressive marketing efforts, high quality products and long standing relations with channel partners. It is expanding its distribution network further to meet the growing demand for its products.

The Company is committed to its human resource development. It believes that it is not enough to install modern machinery but the workforce has to be given appropriate training and skills so as to master and absorb contemporary technology. It lays emphasis on talent development and retention.

Over the years, the Company has been able to bring a large tract of unproductive land under its farm forestry activities. During this year, another 8,500 hectares of plantation were added. These have helped to substantially increase the availability of pulp-wood in the catchment area.

JK Paper's CSR activities in community interventions in the form of encouraging the formation of Self-Help Groups, skill development and adult education programmes have been up-scaled in recent years. This is in line with our philosophy that unless communities around us prosper, the business cannot succeed.

The future presents many opportunities as also challenges. It is particularly a momentous time at Jaykaypur, Odisha as JKPM will be soon completing its 50 years of existence - Spearheading Change for 5 Decades. The Company has been fortunate to have the full cooperation from all its stakeholders. I am confident that with the continued support from all of you, the Company will have many more achievements to its credit in its journey towards progress and accelerated growth.

With Best Wishes,

HARSH PATI SINGHANIA

Board of Directors



HARI SHANKAR SINGHANIA
Chairman

HARSH PATI SINGHANIA
Managing Director

OM PRAKASH GOYAL
Whole-time Director

ARUN BHARAT RAM
DHIRENDRA KUMAR

M.H. DALMIA

R.V. KANORIA

SHAILESH HARIBHAKTI

S.K. PATHAK

UDAYAN BOSE

VINITA SINGHANIA

WIM WIENK

Offices

Registered Office

P. O. Central Pulp Mills - 394 660
Fort Songadh
Dist. Tapi (Gujarat)

Administrative Office

Nehru House,
4, Bahadur Shah Zafar Marg
New Delhi - 110 002

Bankers

State Bank of India
Axis Bank
Canara Bank
IDBI Bank

Company Website

www.jkpaper.com

Plants

JK Paper Mills (Unit JKPM)

Jaykaypur - 765 017
Rayagada (Orissa)

Central Pulp Mills (Unit CPM)

P. O. Central Pulp Mills - 394 660
Fort Songadh
Dist. Tapi (Gujarat)

Auditors

Lodha & Co.
Chartered Accountants

Company Secretary

Suresh Chander Gupta



Creating Value Ream by Ream

At a time when Paper was perceived as a commodity, the company saw in it the power of self expression.

We set out on a journey to elevate 'paper usage' among customers through a series of relevant products, quality, services and innovation upgrades. These have, over the years, become benchmarks in the Indian Paper industry.

We were the first to mass market Branded cut-size Copier papers as 'JK Copier' in the Indian market in the mid 90s. Since then, The Company has been in the "habit" of introducing new varieties and brands to keep pace with changing customer needs and requirements.

In the last 5-6 years, we have enriched our product mix through diversification into coated paper and high end packaging board. This has helped us to meet the wide and varied requirements of customers, big or small.

We believe that it was the ability to understand the customers' expectation and aspirations and exceed them that has gave the Company the "first mover advantage" in many products.

The Company's long standing relations with channel partners have helped it understand the changing market realities better, and thus, respond faster and more emphatically. We have been fortunate to

have had a loyal and understanding channel partners. We have close to 20 wholesalers who have been with us for more than 4 decades: Some of them indeed have been with us ever since the establishment of JK Paper Mills in 1962.

We are the 1st Indian Company to produce and sell ColorLok® copier paper in India. This exclusive tie up with Hewlett-Packard, helps us in bringing in world class printing paper for the increasingly demanding Indian customers.





Expanding the Spectrum of Excellence

JKPM was commissioned in 1962 with an integrated pulp and paper plant. Over the years, production capacity been greatly enhanced with the addition of 4 more paper machines.

Our second Unit viz. Central Pulp Mills has grown to become a major paper mill in the country playing its due role of satisfying the customer needs and requirements.

Over 5 decades, technological advancements, with pioneering initiatives such as the country's first state-of-the-art pulp mill, have made JK Paper a torch-bearer of new-age paper in India.

As capacities expanded, technology also changed through introducing modern machines. Thanks to modern

technology, process innovation and recycling efforts we are among the top most efficient users of water in Indian paper industry. Specific consumption of energy has also been on the decline.

The Company's Plants have been consistently operating at more than 100% of its stated capacities. This is due to continuous improvements and modernisation of plant and machinery.

Continued expansion and modern machineries have provided the Company economies of scale, help reduce consumption of coal and lead to more efficient use of fibre, making JK Paper Limited more cost competitive.

Our current expansion drive incorporates the latest

technologies from world leaders, from Finland and Germany. By introducing contemporary technology, the Company will substantially enhance its water and energy conservation standards, besides reducing emissions and waste discharge. It will also help us use "black liquor" a waste produced in the process to generate power.

We have also adopted pre-fabrication on a large scale in the current expansion and modernisation project of JK Paper Mills: this has not been done by any paper mill in India so far. With the capacity expansion likely to go on stream in early 2013, the total annual capacity of paper and the board will increase from the present 2,90,000 tonnes to 4,55,000 tonnes.





Enhancing the Quality of People

At JK Paper we have long believed that it is not enough to install modern machinery: what is required is to develop a talent pool that can absorb and master these technologies. We have been relentlessly pursuing efforts to develop self-motivated employees who act as leaders in their own sphere of work to drive the Company into the future.

It is with this in mind that ever since the JK Paper Mills was established we have been making all round efforts to constantly train and retrain our workforce and at all levels. Extensive investments made towards people and people practices have yielded good results enabling JK Paper to be the "change leader" in the Indian paper industry.

We strongly believe that true leadership is all about developing leaders at different levels. It is these leaders, with their passion, initiative and teamwork, anticipate change and lead their Company towards higher goals. Perhaps, this is the reason why, despite our 50 years in the business, we have remained a young, vibrant organisation that is ever alive to the challenges of today. Talent pool at JK Paper would rank among the very best in the Indian Paper Industry today.

All these have led to successful implementation of TPM. This has helped nurturing teamwork and continuous development of individual skills at all levels. Moreover it

has created a lively, energetic healthy and safe work environment.

Both Our Mills have been awarded "TPM Excellence First Category", a honour and a rare achievement. JK Paper is the first Indian Integrated Pulp and Paper manufacturing company to have been conferred with these honors and 3rd Paper company in the world to be in this elite club. Both the units of the Company are also ISO 9001-2000, ISO 14001 certified for their Quality and Eco-friendly operations and OHSAS-18001 Certified for Health, Safety and Security.





Positive Change is Taking Root...

Earlier, the paper mills in India were largely dependent on bamboo. Over the decades the consumption pattern of raw materials has shifted and share of bamboo in total consumption has been on the decline.

To meet the new challenge and in our quest for raw material security, the farm forestry development program was started in 1991. We became increasingly self-reliant in raw materials by sourcing our raw material requirement from the farm forestry on low-productive land. In this process, we helped create employment and livelihood opportunities for significant number of people.

Through its R&D work, we have developed a large number of

improved varieties. These provide 2-3 times higher yield as compared to traditional seed route plantations. We are in continuous pursuit in enhancing the green cover through Social Farm Forestry drive.

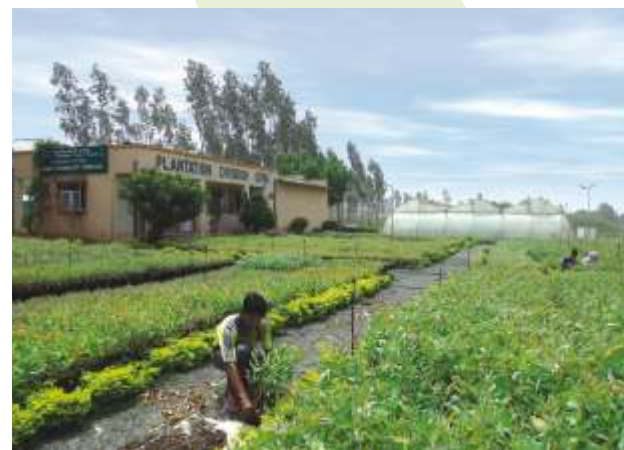
Till date over 90000 Ha of land has been planted covering states of Orissa, Andhra Pradesh, Chattisgarh, Gujarat, Maharashtra & West Bengal. On an average it has added 7000 Ha annually to its plantation drive by distributing over 40 million saplings to farmers.

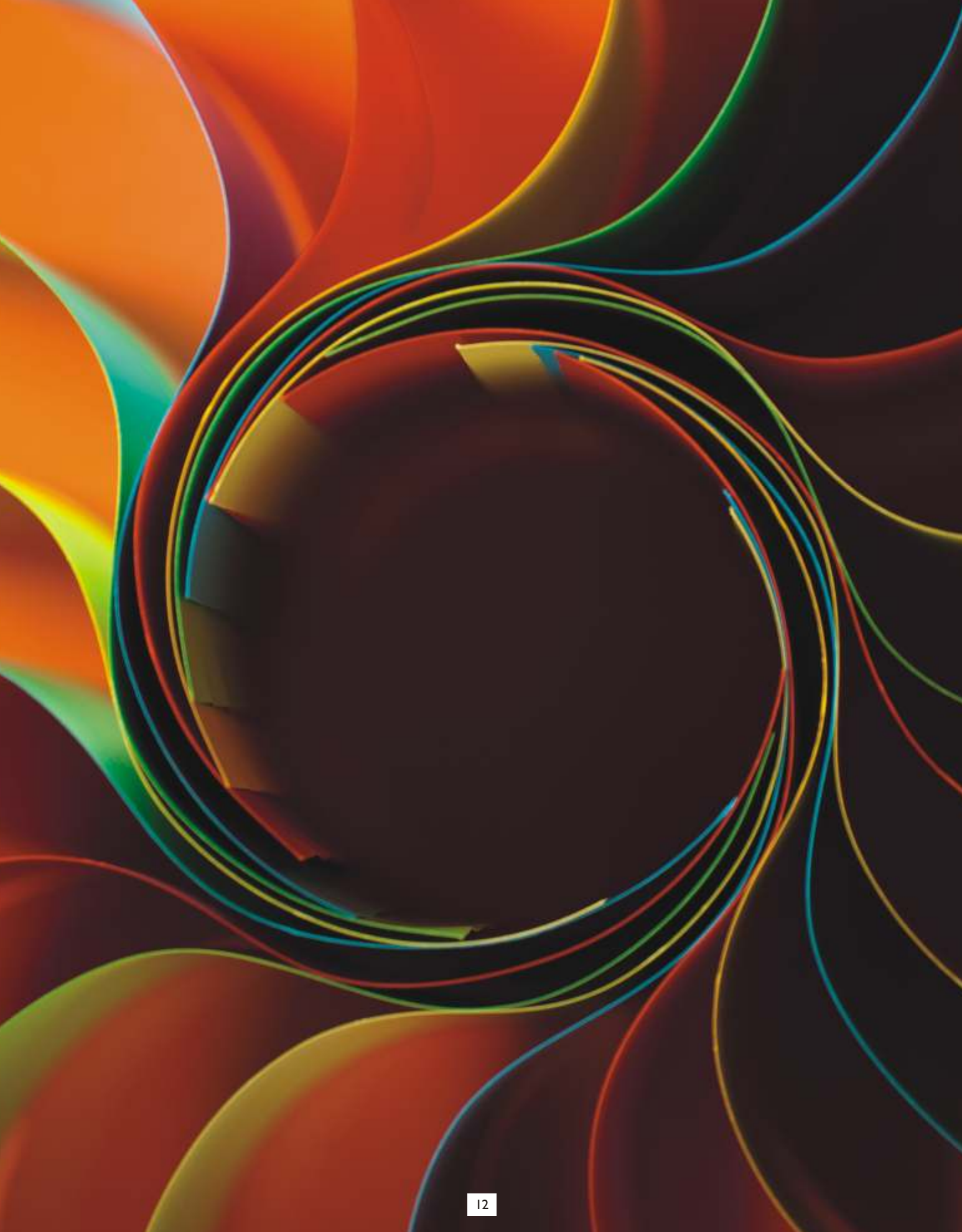
Farm forestry activity over the last two decades has provided sustainable livelihood for over 45,000 farmers. The Company has also signed an Emission Reduction Purchase Agreement (ERPA) with the Bio Carbon Fund of the World Bank covering 3500

Ha mainly owned by small and marginal farmers associated with JK Paper's plantation program. This program provides additional income for participating farmers, besides reducing harmful green house gases and global warming.

The Company increased acreage under farm forestry significantly in 2011-12 by aggressive efforts. This will augment supplies of wood from the catchment area and help significantly reduce transportation cost of wood from long distances.

JK Paper has also been regularly introducing cleaner and environment-friendly technologies, to fulfil its' commitment towards a greener world.





The Future of Change

Global paper industry is witnessing a fundamental change with the demand shifting to emerging economies, particularly Asia. India has good growth potential given its rising income, aspirations and thirst for knowledge.

Also, increasing usage of high speed printing/copying machines with colour reproduction is propelling demand for high quality Writing and Printing Papers. Simultaneously, the changing lifestyles, increase in demand for consumer goods and expansion of the organised retail sector is leading to increased usage of high end Packaging Boards.

To meet these challenges, JK Paper Mills is in the midst of

an ambitious expansion and modernisation programme that should see the results coming out by beginning of next year. We would see structural improvement in JKPL's cost structure arising out of better plant efficiencies and better economies of scale, consequently improving profitability.

Increased capacity coupled with strong market position arising from established sales and distribution network will also enable JK Paper to retain its leadership position in its key product segments. In all these it is the self motivated employees of the Company who are leading the journey of change from the front.

JK Paper has shown that it has what it takes to constantly

“raise the bar” and is ready to meet greater challenges. As we celebrate 5 decades of our existence, we reaffirm our commitment to all our stakeholders to take care of their interests. The Company's philosophy is that unless the stakeholders and the community around us prosper, our business cannot be successful.

It is this philosophy that has made us what we are today and with the support and cooperation of all our stakeholders, the Company will pass many more milestones and make achievements in its future journey.



DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 51st Annual Report and Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

Rs in Crore (10 million)

	2011-12
Sales and Other Income	1,557.10
Profit Before Finance Costs and Depreciation (PBIDT)	176.31
Profit Before Depreciation and Tax	125.06
Profit After Tax	49.32
Surplus brought forward	<u>249.29</u>
Total amount available for appropriation	<u>298.61</u>
APPROPRIATIONS:	
Debenture Redemption Reserve	0.66
Capital Redemption Reserve	0.06
General Reserve	2.50
Dividend:	
- On Preference Shares (incl. Tax on Dividend)	0.01
- On Equity Shares (incl. Tax on Dividend)	23.82
Surplus carried to Balance Sheet	271.56
TOTAL	<u>298.61</u>

DIVIDENDS

Your Directors are pleased to recommend a dividend of 15% on the expanded Equity Share Capital (Rs. 1.50 per share). The dividend payable on Preference Share Capital (including interim dividend) at the specified rate is Rs. 0.01 Crore. The total outgo including tax on account of dividend would be Rs. 23.83 Crore.

PERFORMANCE REVIEW

The Company's Sales and Other Income during the year was Rs. 1,557.10 Crore, Operating Profit (PBIDT) Rs. 176.31 Crore and PAT stood at Rs. 49.32 Crore. The Company's production was 2,83,038 tonnes and sales increased to 2,77,599 tonnes as against 2,67,081 tonnes.

Operating Profit (PBIDT) was considerably impacted due to increase in raw material price, lower receipt of linkage coal resulting in purchase of open market coal at much higher price and increase in other input costs. The Company was able to offset some of these cost increases by higher productivity and efficiencies. However, market conditions did not favour increase in product prices to fully compensate the cost increases during the year.

International hardwood pulp prices declined from a level of US \$ 770/MT in April 2011 to as low as USD 550/MT during December 2011. Since then it has increased again by USD 150/MT. However, much of the benefits due to the drop in pulp prices were neutralized by the depreciation in rupee vis-à-vis the US Dollar.

JK Paper has been constantly creating value with its Brand driven strategy and the brands of the Company are synonymous with premium quality paper. It is the ability to understand customers' aspirations and develop products for those needs and fulfil them which have given us the "first mover advantage" in many products.

Our long standing relations with channel partners also helped us to withstand competition. The Company is the market leader in office papers and among the top 2 players in coated paper and high end packaging board segment.

The Company was able to increase acreage under farm forestry significantly in 2011-12 by aggressive efforts. This will augment supplies of wood from our nearby catchment area and help us reduce transportation of wood from long distances.

The Company carried out some upgradation and de-bottlenecking in its Packaging Board plant at Unit CPM which enhanced its capacity from 60,000 tpa to 84,000 tpa. The Company's factories have been consistently operating at more than 100% of its stated capacities. This is due to continuous improvements

and modernisation of plant and machinery. In order to better reflect the current production capabilities, the management considers it appropriate to re-state the installed capacity at 2,90,000 tpa.

INDUSTRY SCENARIO

India's per capita consumption of paper and board has shown consistent rising trend in recent years and it is expected that the market size will rise to 20 million tonnes by 2020 from around 10.5 million tonnes in 2010-11. Despite the slower growth last year due to economic slowdown, medium to long term growth potential of the industry remains bright.

Low per capita consumption of paper and board, at around 9.5 kg, vis-à-vis the average World consumption of 58 kg., along with increasing literacy levels, higher spending on education sector, changing urban lifestyles as well as better economic growth augur well for sustained growth of the Indian Paper industry.

Office Papers: The market for office papers was adversely affected last year due to general economic slowdown and the consequent lesser spends by corporate and other sectors. Bunching of capacity additions in recent years added to the market pressure. However, there are signs of improvement and sales have picked up to some extent in the last quarter of the year. This trend is likely to continue in the coming quarters.

Coated Papers: The two-side coated segment where your Company operates exhibited a growth of about 12% during the year and continues to grow robustly due to high growth in corporate retailing and shift in marketing and branding methodology. However, the prices were adversely impacted during much of the year due to higher imports from China and South Korea at low prices. In the recent months, steep depreciation of the Rupee coupled with reduced pressure from these sources have enabled the industry in improving realisations.

Packaging Board: The overall segment has grown at around 9-10% during the last year. The main reasons for this increase in demand are rising disposable incomes and retail boom both of which call for superior grade packaging. This is resulting in shifting of lower quality packaging board to premium quality packaging board. The Company opines that

these trends are likely to sustain in the medium to long term thus making this sector poised for growth. JK Paper has been focussing on the upper end of Packaging Board which is benefitting from the shifts.

EXPANSION

JK Paper's expansion cum modernization project is on track. It envisages enlarging the annual capacity from the current 2,90,000 tonnes to 4,55,000 tonnes per annum by early 2013. The Rs. 1,653 crore expansion project achieved financial closure with financing done through a mix of funding viz: Rights Issue, FCCBs, Internal Accruals, Rupee-debt from Indian Banks and Forex-debt from multilateral development funding institutions.

This expansion plan will enable us to retain our leadership position in the Office Paper segment. New production line will manufacture multi-purpose cut size Office Papers. The machines from Germany and Finland incorporate the latest technology and are being sourced from the world leaders in the respective fields.

By introducing contemporary technology, the Company will be able to conserve water and energy besides reducing emissions and waste discharge. It will also give us scale economies, help reduce consumption of coal and lead to more efficient use of fibre which will help the Company in being more cost competitive.

Physical progress of the project is as per schedule, and project is expected to be complete by end of this calendar year. Commercial production is expected during beginning of next calendar year.

To part finance the above expansion at Unit JKPM, at district Rayagada, Odisha and to fund expenditure for general corporate purposes, your Company had during the year under review issued 5,84,70,686 Equity Shares of Rs. 10 each at a price of Rs. 42 (including premium of Rs. 32) aggregating to Rs. 245.58 Crore on Rights basis in the ratio of three Equity Shares for every four Equity Shares held on the Record Date i.e. 27th July 2011.

Consequent to the Rights Issue, the paid-up Equity Share Capital of the Company increased w.e.f. 3rd September 2011 to Rs. 136.62 Crore from Rs. 78.15 Crore. The proceeds of the Rights Issue are being utilised as per objects of the issue and pending full utilisation, the balance amount are invested in mutual funds and fixed deposits with banks.

Your Company had also issued unsecured & unlisted Foreign Currency Convertible Bonds (FCCBs) aggregating to Euro 35 Million (equivalent to Rs. 226.14 Crore) to European Development Financial Institutions in May, 2011. Various loans have also been negotiated from domestic and international banks/institutions and the project finance stands fully tied-up.

CUSTOMER-IN CULTURE AND QUALITY

JK Paper has been committed to meeting customers needs by offering them a range of products that confirm to their varied requirements. We have been doing this through regular and continual up gradation in product quality, modernization and adoption of latest technology & processes, and strict adherence to quality standards and pro active customer interaction.

Customers are periodically invited to the Mills for interaction with our workmen and staff. This makes the Company staff more quality conscious and customer focussed. The Company has been taking up regular audits to identify the areas for improvement and take appropriate corrective and preventive measures. This has helped to understand customer preference and prepare ourselves to stay ahead of competition. Last year, we developed new products for specific segments like CIS coated boards (Natural shade), Playing Card Boards, and Up gradation of JK Easy copier shade etc.

CORPORATE SOCIAL RESPONSIBILITY

The Company has been focusing on four major areas in CSR activities: Education, Health care, Skill development, Livelihood interventions and Community development. A detailed report on the Company's CSR activities is given in the Annual Report.

Adult Education Model has successfully enabled many illiterate women, especially tribal and SCs/ STs, to become literates through our community based Adult Education Centres. Till now we have created around 5,300 literates under this scheme. Recent years have seen up-scaling of activities in this area.

Unit CPM has adopted an ITI to help to reduce the gap between training of students and industry's requirements. The Company's initiative has been recognised by Government by making this ITI a Model Centre in Gujarat for other business units to emulate.

Self Help Groups (SHG): Our efforts have motivated many tribal women to organize into SHG. They have initiated different income generating activities like hill broom binding, phenyl making, tamarind processing and a host of other activities that find ready market in nearby urban areas.

Basic health services including free medicines to ST & SC people through health camps were organised in nearby villages at regular intervals. Over 6,300 patients have availed the services last year.

Community development initiatives through "SPARSH": To carry out our CSR activities in a focused and systematic manner we have formed an NGO "SPARSH". Through this we have been organising structured activities in two broad areas viz. Livelihood Interventions and Health Care Interventions.

ENVIRONMENT

JK Paper believes in the betterment of the Environment and its Safety. It has been introducing cleaner and environment-friendly technologies. Both the units of the Company are ISO 9001-2000, ISO 14001 certified for their Quality and Eco-friendly operations and OHSAS-18001 Certified for Health, Safety and Security.

The Company has been pursuing continuous improvement activities which have helped it conserve resources. Better technology combined with process innovation and efforts by all concerned have helped it achieve savings in water consumption through recycling, reuse and minimising waste water discharge. We have also been able to conserve energy through this approach and reduce its gas/air emissions as well.

AWARDS AND RECOGNITION

It is a matter of great satisfaction that your Company has continued to be conferred several awards in recognition of its commitments to excellence, efficiency & environment friendliness.

Unit JKPM has been awarded the following;

- (a) Greentech Environment Excellence Award for Outstanding achievement in Safety Management.
- (b) Silver Award in Paper Sector from Greentech Foundation.

- (c) National Award for Excellence in Energy Management 2011 as an “Energy Efficient Unit” from Confederation of Indian Industries (CII), and
- (d) Second Prize for “Best Practices in Industrial Relations” from Confederation of Indian Industries (CII), Bhubaneswar.

Unit CPM has been awarded the following;

- (a) CII National HR Excellence Award – Strong Commitment to HR Excellence, 2011,
- (b) Greentech Foundation CSR Gold Award – 2011,
- (c) Greentech Safety Gold Award – 2011, and
- (d) South Gujarat Chamber of Commerce & Industry Productivity Award – 2011.

DIRECTORS

During the year Mr. Wim Wienk has joined the Board of the Company as a nominee of the FCCB investors. He is an Additional Director and would be appointed as a Director liable to retire by rotation at the forthcoming Annual General Meeting of the Company. Smt. Vinita Singhania, Shri Udayan Bose and Shri M.H. Dalmia retire by rotation at the ensuing Annual General Meeting and being eligible to offer themselves for re-appointment.

AUDITORS

The observations of the Auditors in their Report on Accounts read with the relevant notes are self-explanatory.

M/s. Lodha & Co., Chartered Accountants, the Auditors of the Company have not offered themselves for re-appointment at the ensuing Annual General Meeting. The Board of Directors wish to place on record its sincere appreciation of the services rendered by M/s Lodha & Co.

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, have given their consent to be appointed as Auditors of the Company. The Auditors have confirmed that they have undergone the peer review process of the Institute of Chartered Accountants of India and hold a valid certificate issued by the ‘Peer Review Board’ of ICAI.

COST AUDIT

The Cost Audit Report for the financial year ended 31st March, 2011 was filed by the Cost Auditor with

the Ministry of Corporate Affairs, Government of India, on 28th Sept. 2011 (due date 30th Sept. 2011).

The Cost audit for the year ended 31st March, 2012 will be conducted by M/s. R.J. Goel & Co., Cost Accountants, and the reports will be submitted to the Ministry of Corporate Affairs, Government of India in due course.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Details of energy conservation, technology absorption, foreign exchange earnings and outgo, required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this Report and forms part of it.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in Annexure to the Directors’ Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the Company’s New Delhi address.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis, Corporate Governance Report and Auditor’s Certificate regarding compliance of conditions of Corporate Governance are made part of this Annual Report.

SUBSIDIARY COMPANIES

The accounts of the Wholly-Owned Subsidiaries i.e. Songadh Infrastructure & Housing Limited (SIHL) and Jaykaypur Infrastructure & Housing Limited (JIHL), have been consolidated as required by applicable Accounting Standards. With reference to the General Circular No. 2/2011 dated 8th Feb. 2011, issued by the Ministry of Corporate Affairs, Government of India, copies of the Balance Sheet, Statement of Profit & Loss,

Reports of the Board and the Auditors of the aforesaid Subsidiary Companies have not been attached to the Balance Sheet of the Company.

However, annual accounts of the Subsidiary Companies and the related detailed information of the Holding and Subsidiary Companies, shall be made available to the shareholders seeking such information at any point of the time. The annual accounts of the Subsidiary Companies are also available for inspection by any shareholder at the Registered and Head Offices of the Company and that of the Subsidiary Companies concerned.

DIRECTORS' REponsibility STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state that:

- i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. the accounting policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit & Loss of the Company for that period;
- iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and

for preventing and detecting fraud and other irregularities;

- iv. The annual accounts have been prepared on a going concern basis.

INDUSTRIAL RELATIONS

Industrial Relations remained cordial throughout the year under review. Our openness and transparency in dealing with people issues and several path-breaking IR initiatives implemented by the Company have significantly helped not only in signing of Long Term Wage Agreement but also improving the overall atmosphere at our plants.

ACKNOWLEDGEMENT

The Directors acknowledge the continued support and cooperation received from the Central Government, State Governments, Shareholders, participating Financial Institutions, Banks and other Lenders, Customers, Suppliers and Dealers.

The Board also wishes to record its sincere appreciation of the total commitment, dedication and hard work, put in by every member of Team JK.

On behalf of the Board of Directors

HARI SHANKAR SINGHANIA
Chairman

New Delhi
Date : 14th May, 2012

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo:

A) Energy Conservation:

Energy conservation measures included (i) Speed optimization by changing pulley size in hood blowers at Coating plant, (ii) Arresting the air leakages in recovery boilers, (iii) replacement of non standard motors with energy efficient motors, (iv) Use of Bio refining enzyme for reduction in refining energy, (v) Increase of steam generation by optimizing feed water temperature, (vi) Capacity optimization of warm water pumps motor for evaporator, (vii) Installation of VFD in Recovery Boiler Firing area, (viii) Trimming of Impeller of TG-IV Cooling Tower Circulation Pump, (ix) Level switch with auto start / stop provided for Sand cleaner reject pit pump, (x) Wills Cutter Trim Blower Motor "Delta" connection changed to "Star" connection, (xi) Installation of Energy saver for lighting of Board Plant Part-II, and (xii) Replacement of warm water by hot water in Hypo washer screw conveyor.

B) Research & Development:

During the year, the Company has spent approx. Rs. 1.31 Crore on Research & Development. To further enhance product quality and for the development of new products, the Company carried extensive application research by undertaking various trials on the shop floor, viz., (i) Improvement of JK Easy Copier 70 gsm & Sparkle Copier 75 gsm paper with respect to shade & brightness. (ii) Introduced Sparkle Copier 70 gsm paper for multipurpose copy paper with Colorlok Technology in various sizes,

(iii) Introduced Natural Shade Chromo Art Paper (Matt) for a different segment, (iv) Substitution of Chemicals and developing Local vendors for supply of chemicals to reduce chemical cost per tonne.

C) Technology Absorption, Adaptation and Innovation:

Measures include (i) Stabilization of Colorlok Technology for improving inkjet printability of photocopy paper grades, (ii) Use of Cationic Starch in AKD sized papers to increase WGCC filler retention and reduce AKD consumption, (iii) Optimization of Chemicals dosing by minimizing losses through back water, (iv) Use of Enzymatic Bio-Retention aid for reducing Power consumption in Refining, (v) Saving through higher ash% in Copier papers with WGCC as Filler, (vi) Cost reduction through Multiple Vendors, (vii) Modification of Bleaching sequence from CEoPHD to C/DEopD to reduce use of elemental Chlorine, (viii) Alkali Recovery by Collecting Leakages/ Overflow of Causticizing plant in pit and recycling through Lime Mud Washer, (ix) Installation of Reel Line Disorder Display system and Laser Photo Sensor in Wills Cutter.

D) Exports, Foreign Exchange Earnings and Outgo:

Rs. in Crore (10 Million)

(a)	Foreign Exchange earned	43.61
(b)	Foreign Exchange outgo:	
	- CIF Value of Imports	598.21
	- Others	7.36

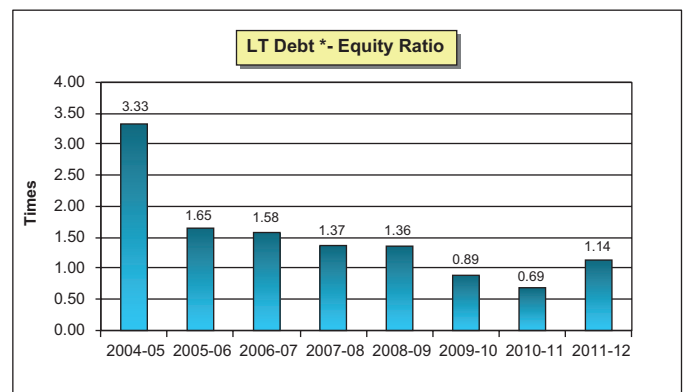
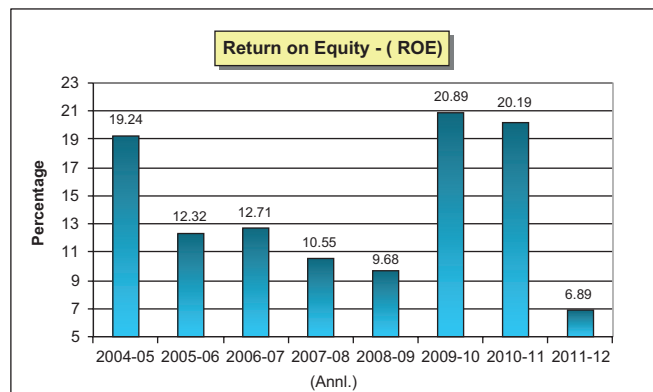
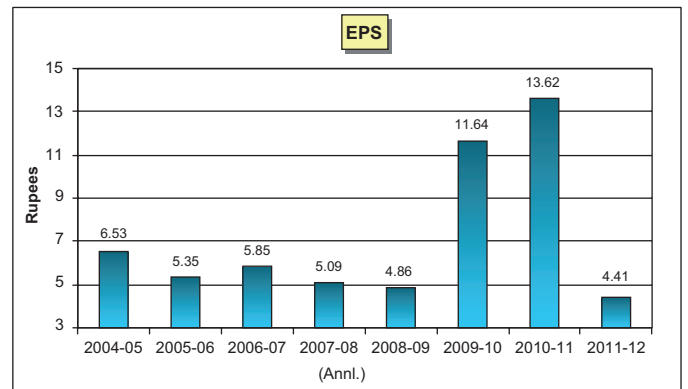
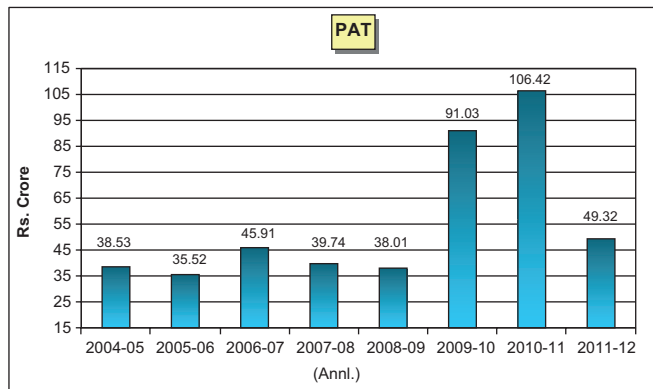
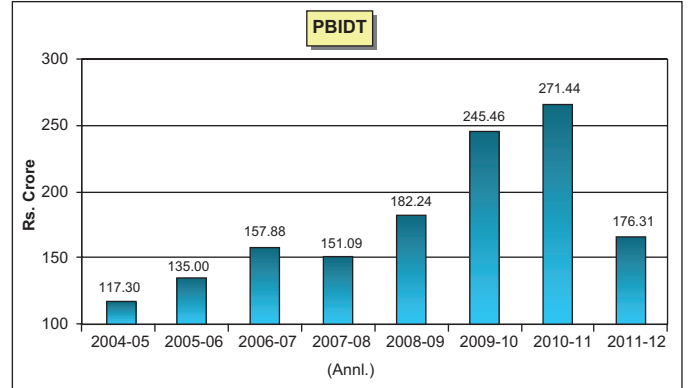
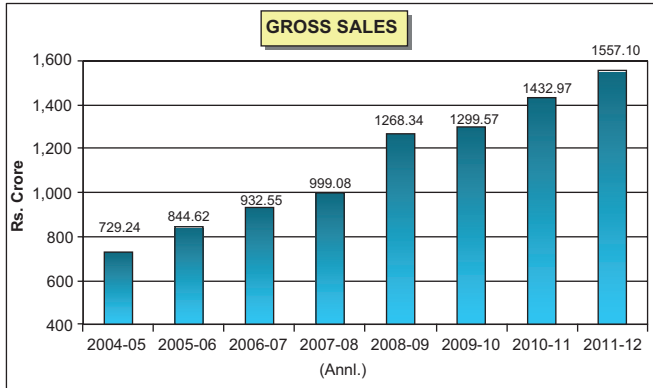
PARTICULARS OF CONSERVATION OF ENERGY

Sl. No.	Particulars	Unit	2011-12	2010-11
A	POWER AND FUEL CONSUMPTION			
I	Electricity			
(a)	Purchased Power			
	- Units	KwH in Lacs	370.57	355.60
	- Total Amount	Rs.Lacs	2,259.41	1,760.12
	- Rate / Units	Rs/KwH	6.10	4.95
(b)	Own Generation			
(i)	Through Steam Turbine / Generators			
	- Units	KwH in Lacs	2,866.91	2,927.24
	- Cost / Units	Rs/KwH	3.35	2.55
(ii)	Through Diesel Generator			
	- Units	KwH in Lacs	3.78	10.57
	- Units per Litre of Diesel Oil	KwH	3.70	3.60
	- Cost / Units	Rs/KwH	24.61	15.14
2	Coal			
	- Quality (Grade)		“D” to “F”	“D” to “F”
	- Where Used		CF Boiler	CF Boiler
	- Quantity (includes lignite)	MT	4,73,497	4,18,604
	- Total Amount	Rs.Lacs	14,110.87	9,766.29
	- Average Rate / MT	Rs/T	2,980	2,333
3	Furnace Oil			
	- Quantity	Kilo Ltr	338.00	263.40
	- Total Amount	Rs.Lacs	122.02	74.04
	- Average Rate / Ltr.	Rs./Ltr	36.10	28.11

B. CONSUMPTION PER UNIT OF PRODUCTION

Product	Year	Electricity Kwh/MT	Coal Kg/MT	Furnace Oil Ltrs./MT
Paper & Board	- 2011-12	1,153	1,705	1.88
	- 2010-11	1,180	1,490	1.44

JK PAPER LIMITED GROWTH PATH



* Including Redeemable Preference Shares.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Global economic recovery has seen a mixed pattern. While US has shown modest recovery, Europe is still struggling to get over its debt crisis. Emerging economies have done relatively better even though their performance has been adversely affected by slowdown in developed economies.

Though the overall sentiments improved during 2012, it would be too early to say that the global economy is out of the woods. The events in Euro Zone and indicators from China need to be closely monitored to develop any view on the future prospects. Much will depend on whether US will continue to sustain the upward trajectory of growth. Any unfavorable developments in Middle East are likely to have an impact on crude oil prices and put the recovery at a risk. Considering all this the global growth in 2012 is not expected to rise sharply and may linger around the last year rate of 2.7%.

Recent years have seen emerging economies, especially Asia and Latin America driving growth of global paper and board consumption but developed economies even now contribute significant proportion of global demand. Any adverse development in this bloc impacts global performance of the paper industry and it is expected that global demand in 2011 will be around 400 million tonnes marginally higher than 395 million tonnes achieved in 2010.

Paper industry in developed economies has been hit by increasing competition from electronic media such as internet advertising, email, eBooks etc and this is likely to get accentuated in the coming years. Paper and Board demand in emerging economies has, however, been robust thanks to increasing consumerism, purchasing power, emphasis on education and knowledge as also the relatively low per capita consumption of paper and board vis-à-vis those in developed countries.

IMPACT OF GLOBAL DEVELOPMENTS ON INDIAN PAPER AND BOARD INDUSTRY

The slowdown in global economy had its effect on the Indian economy with the GDP growth slowing down to 6.5% in 2011/12 from 8.4% in 2010-11. Consequently, the Indian paper and board industry was impacted by cost cutting by corporate sector and other end use sectors. International pulp prices softened during the period but dollar appreciation negated the possible gains to the industry.

Indian industry went through a challenging period last year due to the tough market conditions and rising input costs especially of energy and to some extent chemical and other inputs. Industry's pricing power was limited while rising costs put pressure on profit margins. We see some welcome signs of recovery both in demand and pricing in recent months and hope that this will continue in the coming quarters. The long term growth story of the industry is still intact and we expect that the industry will soon catch up with its earlier growth path.

SUPPLY AND DEMAND SCENARIO IN INDIAN PAPER AND BOARD INDUSTRY

The industry experienced an unprecedented situation in 2011-12 with growth slowdown and commissioning of new capacities in some segments by major players. This led to a temporary demand – supply mismatch and inventory buildup in the industry. With no new capacity additions likely in the near future, this mismatch will be absorbed in the next few quarters as the economy returns to trend growth.

Over the past few years, the Indian industry has grown faster at 8.5% annually as against the global paper industry growth of 2%. The long term growth drivers, which remain intact, will ensure that the Indian paper industry will continue to grow at 8-9% in this decade.

Slowdown in most of the developed markets has forced major global paper manufacturers look at newer markets across the world. India with its attractive growth rate is emerging as one of the obvious choices. We expect to see some of these players in the Indian markets. Most of these players are not likely to enter the market through Greenfield projects but through acquisition of existing capacities. This could trigger a round of consolidation in the currently fragmented industry.

MARKET FOR COMPANY'S PRODUCTS

The market for Writing and Printing paper is expected to grow by about 9% annually over the next 5-7 years. As a result market size will expand from the current 4.4 million tonnes to about 8 million tonnes per year. The industry will also see acceleration in the trend that favours branded and value added products. The combined annual size of Copier and Coated Papers is expected to double over the next 5 years as a result of increasing use of electronic devices, e-ticketing etc.

Copier & Office Paper

Growth of Office Papers was sluggish last year for a variety of reasons. Demand was subdued due to growth slowdown in the economy and cost cutting across the board. At the same time there was excess supply due to recent capacity additions. The demand growth was muted in the first 9 months but the scenario improved during Jan-March 2012.

Taking a medium to long term outlook, it is clear that there is a good demand growth coming from digital printing segment. This would mean greater requirement of high quality papers like ColorLok that is marketed by the Company. With the current expansion programme at JK Paper Mills getting completed soon, the Company will be able to enhance market share in Copier and Office Paper market over the next few years.

Coated Paper

Coated Paper segment maintained the strong growth in 2011-12 as well, though the market witnessed high imports of Coated Paper from China and Korea at a very cheap landed price compared to domestic prices. Due to antidumping duties imposed by US and Europe on Chinese Coated paper, the segment witnessed aggressive selling in India by Chinese producers. The situation eased to some extent, thanks to rupee depreciation that made imported Coated Paper relatively more expensive vis-à-vis the local output. This helped the Company to take some price increases in the last quarter of FY 2011-12. Growth in this segment is expected to continue on account of switch over from uncoated paper in specific applications.

Packaging Boards

Increasing disposable income and retail boom has led to increased thrust on superior product packaging in consumer goods. Consumer goods companies are increasingly focusing on improving their product packaging to increase visibility of their products and grab customer attention. This is fuelling high growth in the premium Packaging Boards segment. Most of the end-use industries like FMCG, Pharmaceuticals, Food & Beverages are experiencing good volume growth year on year. These industries are also switching from low quality Duplex Boards to high quality Virgin Fibre Boards for better visual appeal and functional properties, thus benefiting the Company. We expect the volume growth in this segment at a healthy rate of 9-10% annually with higher growth coming from premium Packaging Board segment in which the Company is present.

The Company was able to produce higher volumes this year due to the machine rebuild that was completed towards the end of last year. The Company could achieve higher capacity utilization of 106% on this expanded capacity and successfully market it in the domestic markets to achieve a market share of over 25%.

The Company also optimised its product mix to achieve higher volumes in products with higher profit margins. The Company has been consistently improving its service levels to exceed customer expectations and strengthen its relationship with them.

Outsourcing

To tide over the capacity constraint and to satisfy customers' needs for those products not manufactured in-house, the Company has been actively encouraging outsourcing as an option. Last year we increased our outsourcing activity which helped us to reach out to more customers particularly in lower GSM Coated Papers. The Company would continue to use this model to exploit opportunities available in the market.

Stationery Products

For the Company the stationery business is becoming increasingly important. Through this business the Company is supplying note books to schools and ring pads to corporate sector. This is a value added product, the market for which is growing due to thrust on education at all levels.

Within a short period the Company has managed to establish its products in this market and expanded its reach in all the four regions of the country. Last year saw consolidation of our earlier efforts and entry into new markets in each zone.

OPPORTUNITIES & STRENGTHS OF THE COMPANY

The global paper industry is witnessing a fundamental change with the demand shifting to emerging economies particularly Asia. The paper industry in China and India has emerged to be among the top global players and are expected to improve their ranking significantly in the coming years.

India in particular has good growth potential. The low current per capita consumption of paper in India, around 9.5 Kilograms as against the world average of 57 Kilograms, reflects the significant potential that the industry offers in the future. Increasing usage of high speed printing/copying machines with colour reproduction is propelling demand for high quality Writing and Printing papers.

Simultaneously, the changing lifestyles, increase in demand of consumer goods and expansion of the organised retail sector is leading to increased usage of high end Packaging Boards. This trend will be beneficial for the Company.

Our strategy to move up the value chain and focus on fast growing segments in the industry is paying rich dividends now and it will do more so in future. The Company has earned a name for itself in the Indian market, thanks to high standard of quality of its products, customer service and wider penetration of markets through its large network of distributors.

One of the major strengths of the Company is its wide and loyal network of distributors and its constant engagement with them. The channel partners have helped the Company in achieving increased penetration for the Company's products and have been instrumental in providing vital customer insights essential for new product development.

The Company conducted road shows to further increase the awareness level of consumers and trade about the Company's good quality paper and its benefits. Regular dealer meets has been a tool to reinforce our relationship.

EXPANSION

In the last 5-6 years the Company has diversified into Coated Papers and Packaging Board. Coated Paper plant was established at Unit JKPM while Board project was commissioned at Unit CPM.

The Company had not put up any additional capacity for quite some time in Office Papers. Using optimum parameters and operational efficiencies it was able to achieve high level of capacity utilisation but demand was outstripping supply.

Considering the growing demand and capacity shortfall for high quality paper expected in the industry, the Company decided to expand its Office paper capacity. This expansion with an investment of 1653 Cr. employing state of the art technology at Unit JKPM is a largest expansion in the Indian industry in recent times. During the year the Company successfully achieved the financial closure for the project through a mix of internal accruals, FCCBs, Debt and Rights issue.

The expansion will increase the Copier Paper capacity by 1,65,000 TPA and enable the Company to further leverage its ColourLok tie-up with Hewlett Packard. The installation work has been progressing satisfactorily and we hope to sell paper from the new plant with the

ColourLok logo by first half of 2013. This will help us capture a growing market for high quality Writing and Printing paper and further improve the brand image.

MAJOR CONCERNS

As the Indian Paper and Board market grows it is attracting major international players who have access to better technology to setup business in India. The Company recognises this challenge and has made conscious efforts to build a strong competitive advantage through increased brand equity, wider network and use of contemporary technology. The Company has been also increasing its reach in the rural markets by increased distribution and customised packs.

Raw material availability is a major concern for the paper industry and the Company. While the Company and the industry has been aggressively pursuing farm forestry initiatives the alternative use of wood like timber, bio-fuels has led to diversion of industry resources.

Domestic availability of coal is also becoming a major concern. There has been consistent shortfall in supply from Coal India Ltd towards Fuel Supply Agreements, forcing purchases in open markets and imports at higher price. The latest policy decision of the Government for allocating fresh Fuel Supply Agreement to independent power producers will have a direct bearing on the availability of coal to Captive Power Producers.

Availability of skilled and talented workforce is also becoming a concern for the entire paper industry. It is not enough to install modern technology. To operate it in a trouble free manner the industry needs high calibre work force that can absorb and master the new technologies.

While uncertainty in global oil market has led to strong petrochemical prices, the Dollar volatility is likely to put pressure on other input prices as well.

RAW MATERIAL & OTHER PURCHASES

Paper industry in India is the largest, successful tree planter of the country contributing to the growth of green cover as well wood generation. The wood promoted by farm forestry initiatives is utilized by Ply wood and MDF Board industry, construction industry as poles, brick kilns as fuel, and at the same time this wood has become a major source of fuel for bio-energy power plants. This is particularly so because the sharp increase in coal and other fossil fuel prices has led to substitution of the fossil fuel by wood for various energy uses. The

increased wood usage by these sectors has resulted in sharp increase in cost of wood for paper industry.

The Company started working with farmers with rain-fed farm forestry on degraded land in 1991. Over a period of time the Company has introduced new models, new species, disease resistant/ high yielding varieties and innovative schemes in its endeavour to pursue the fibre resources development for long term growth and sustainability of its operations.

The Company also facilitates financial assistance for small and marginal farmers through bank loans to encourage them to take up plantations in their rain fed fallow lands while providing buy back assurance for the wood produced at a declared support price or market price, whichever is higher. Awareness generation programs like demo plots, exposure visits to successful farm forestry areas, training on package of practices, visit to our modern plant production nurseries etc. are a regular feature. A strong team of qualified forestry staff helps, guides, motivates the growers and provide service support at their doorstep for development of well-managed tree farms.

The pulpwood plantation area covered, to-date, under the farm forestry/ agro-forestry schemes of the Company is over 90200 Ha in the states of Orissa, Andhra Pradesh, Gujarat and Maharashtra. The additional farm forestry area covered during 2011-12 was over 8500 Ha., utilizing over 40 million seedlings/ plants (including more than 5 million high yielding clone plants of Eucalyptus) and around 3.1 MT of quality seed of Subabul, involving approximately 5370 farmers.

The Company has firm conviction in building long term association with farming community. Therefore it has also been decided to put emphasis on developing fibre resource and consequent sourcing of wood and bamboo from within 200 km of each mill. Wood

procurement depots and centres have been opened closer to wood growing pockets in Andhra Pradesh, Orissa and Gujarat. While such measures benefit the Company and farmers they also help reducing the carbon foot print of its operations.

We believe that these efforts on farm forestry promotion would help improve the long term cost competitiveness of the Company while ensuring that the Company follows sustainable forestry management practices for its wood sourcing. Our long term intention is to grow more wood than our future requirements.

The year 2011-12 was earmarked by continuous cost push and prices of most major chemicals also witnessed an upward trend. The worst hit has been the petro-chemical linked inputs for Coated Paper and Board manufacture. Butadiene prices skyrocketed during the year causing the final product (Latex) prices to go up by more than 20%. The prices of Caustic Soda were also very strong due to higher demand. The same hardening was experienced across other chemicals as well albeit to a lesser extent. The depreciation of Indian Rupee especially vis-à-vis US Dollar has not helped much as many chemicals used in Paper Industry have imported inputs in their production process.

The price of pulp which was ruling at a high level during the start of the year softened considerably during the year and dropped by 30% till 3rd quarter. However, the gain was largely neutralized due to depreciation of Rupee. Since Q3, 2011-12 the prices of pulp started rising again and have ruled strongly towards the end of year.

The year witnessed a very challenging situation in recent years in the area of coal pricing and availability. Due to the shortfall in supply from Coal India Ltd the Company had to not only buy imported coal and open market coal but also forward auction at much higher prices.

FINANCIAL HIGHLIGHTS

Rs. in Crore (10 Million)

	2011-12	2010-11
Gross Sales	1,557.10	1,432.97
Net Sales and Other Income	1,328.26	1,230.72
Profit before Finance Cost and Depreciation (PBIDT)	176.31	271.44
Profit before Depreciation and Tax (PBDT)	125.06	220.07
Profit before Tax (PBT)	52.12	148.45
Profit after Tax (PAT)	49.32	106.42

The Production for 2011-12 stood at 2,83,038 tonnes. Sales at 2,77,599 tonnes achieved by the Company during the year is the highest ever for the Company. Operating profit (PBIDT) and PBT were impacted significantly due to sharp increase in cost of all inputs and inability to pass on the cost increases to customers due to sluggish market conditions.

The Company monitors funding options available in the financial markets, trends in the availability of funds and the cost of such funding very closely to evaluate possible strategies regarding its financial and risk profile. During the year, Interest rates exhibited an upward trend due to steps taken by Reserve Bank of India (RBI) to contain inflation. The continuous increase in base rate of banks was directly impacting the long term and short term borrowing cost. The Company could renegotiate the spread on its loans and meet funding requirement with a mix of WCDL and Buyers credit to keep funding costs low.

During the Year FITCH rating has affirmed A- rating to long term loans of the Company and A1 rating to short term loans of the Company with stable outlook.

The Company imports pulp for its Packaging Board operations. The main equipment for the expansion project is also sourced from Europe. In line with the corporate policy, hedging of currency exposures is resorted to manage the interest rate and currency risks on the trade payables and loans. The Company uses a mix of Swaps, Forwards, and Options to manage risks. It is the policy of the Company not to undertake any speculative deals and all the hedging transactions are strictly for an underlying import or export transaction.

The Company had issued Unsecured Foreign Currency Convertible Bonds (FCCBs) aggregating to Euro 35 Million carrying interest rate of 6.455% on private placement basis to European Development Institutions on 30th May 2011. These are convertible into Equity Shares of the Company anytime after 3.5 years from date of the issue of the FCCBs at an initial conversion price of Rs. 65/- per Equity Share of Rs. 10 each, subject to adjustment for the FCCBs. If FCCBs are not converted, than they are repayable between 5th to 7th years from the date of their issue.

The Company had raised Rs. 245.58 Crore through a Rights Issue at a premium of Rs. 32/- per share. As part of the Project funding, the company also tied up long term Export Credit Agency (ECA) backed buyers' credit in Euro 57 million and USD 32 million from European banks at a very low spread. These

ECA lines are to be drawn down during the project implementation period and repayable in 8 to 10 years after scheduled commissioning date.

Environment & Neighbourhood

Protection of the environment has been utmost priority of the Company. It religiously adheres to stringent compliance standards to ensure that the environment and the surrounding communities are not subjected to any kind of risks. Conscious efforts are made to conserve the natural resources like Coal, water and wood, which are vital inputs for our plant operations.

The Company is also committed to the welfare of the neighbouring communities at all locations where it operates. The Company undertakes various initiatives to provide livelihood opportunities and healthcare facilities to all the deserving communities around its plant. The Company follows high standards of health, safety and environment to protect interests of all its stakeholders.

Human Resource Development

This has been a year of consolidation for preparing our talent to shoulder the challenges that lie ahead as the Company gears up for the start of its state of the art expanded facility at Unit JKPM. Top priority was accorded for making available the required talent for smooth execution of the expansion project. The satisfactory progress made so far in implementing the project is testimony to the Company's project management capability and speaks volumes of the leadership and talent the Company could put together.

While the project team works relentlessly for putting in place the new plant, a comprehensive exercise has been carried out for developing the organisation structure for the new plant befitting its world class technology. The rigorous process of selection and recruitment is in progress so that the new talents are inducted while the installation and commissioning activities are on.

The senior management team of the Company has its performance planning through a 2-day Goal Setting Workshop which is now an annual feature of the Performance Management System. The KRAs and Targets are subsequently cascaded down the line. Robust reviews of the accomplishments against the targets are also being done as per timeline in a fair and transparent manner between the employee and his/her superior.

Extensive training and development is also underway across the Company at all levels to address the skill gaps as also to upgrade knowledge on various subjects. Development activities are also taking place through other unique initiatives. The “Krishna-Arjuna” initiative that addresses competency development has been a huge success. The annual UDAAN competition aimed at unleashing innovativeness among the young talent has also been successful with 137 employees participating in it. Planning for successors, particularly for critical positions is done to ensure availability of leadership bench strength in case of any eventuality.

The bi-annual employee satisfaction survey carried out by a reputed independent agency showed significant improvement in the employee engagement index in the Company. Subsequently, each location is working on areas to improve this further.

Employee engagement activities remain a focus area to develop a friendly atmosphere in the organization and improve the work life balance. Events such as celebration of festivals, picnics, competitions, etc. are organised. These also help bring together the employees and their families in informal environments and encourage networking among them. Communication meetings between the senior management and employees are carried out periodically to increase transparency, enable free exchange of ideas and foster an environment of sharing and learning.

Internal Control System

The internal corporate audit team consisting of Chartered Accountants and system experts review the internal control system on a regular basis to improve its effectiveness besides verifying statutory compliances. Based on Annual Internal Audit programme as approved by Audit Committee of Board, regular internal audits are conducted covering all offices, factories and key areas of businesses. The findings are placed before Audit Committee, who review and discuss the actions taken with management. The Audit Committee also reviews the effectiveness of Company’s internal controls and regularly monitors implementation of audit recommendations.

The Company has a comprehensive budgetary control system in operation and key performance goals are set for each of the units and product lines. These are monitored and reviewed on a periodic basis and corrective actions as needed are initiated.

RISK MANAGEMENT

The Company has systematic process for mapping the risks after discussions with respective stakeholders and study of past records. External experts are also consulted to provide external perspective to the identified risks. The identified risks are addressed by an appropriate risk mitigation plan.

Each plant has a risk management committee headed by the plant head, which meets periodically and reviews the systems and procedures. Suitable modifications are also done after due deliberations, if found necessary. These are further reviewed at Head office once in every six months.

For new projects, all risks are identified prior to the implementation. These risks are segregated into market risks, operating risks, financial risks etc and suitable measures are agreed to counter them. Review of these risks is done periodically to initiate agreed actions to mitigate them, if needed.

Training is also imparted to executives to develop them for effective analysis of risks and devising appropriate mitigating strategies. The Company normally hedges about 50% of the emerging exposures as and when they arise. The remaining portion is hedged or left open and reviewed periodically. Interest rate risks are swapped as and when conditions are favourable.

CAUTIONARY STATEMENT

“Management Discussion and Analysis Report” contains forward-looking statements, which may be identified by the use of words in that direction or connoting the same. All statements that address expectation or projections about the future, including, but not limited to statements about the Company’s strategy for growth, product development, market position, expenditures and financial results are forward looking statements.

The Company’s actual results, performance or achievement could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events.

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. THE COMPANY'S PHILOSOPHY

The Company's CSR philosophy is based on the belief that a successful business can be developed only by creating a prosperous society around. Reaching out to deprived communities is part of the company's vision and its CSR initiatives aim at supplementing the government's endeavours to help the citizens in the vicinity achieve better living standards and good quality of life. The Company has been engaging with civil society, public at large through dissemination of its CSR initiatives. In 2011-12 the Company's expenditure on CSR initiatives was 1.7% of PBT. The Company introduced a separate CSR report as part of Annual Report 2009-10 and this is a continuation of that effort.

2. EMPLOYEE WELFARE

JK Paper is an equal opportunity employer and each individual is assessed based on his merit irrespective of gender, nationality and caste. Policies are framed considering the well-being of employees at all levels without providing any undue advantage to an individual or group. JK Paper does not solicit child labour at any of its establishments. Safety and hygiene of employees at workplace is given due importance and priority.

3. RESPECT FOR ENVIRONMENT

JK Paper has long believed that it has a **moral responsibility to ensure environment friendly practices even if there are no external regulations and controls**. The Company has been taking up initiatives towards promoting green cover, ever since our inception, both within the factory premises and helping others to do this.

In addressing issues of environmental care and climate change the Company has taken a holistic perspective. It covers a spectrum of activities: enhancing green belts, discharge elimination, leakage elimination, air emission reduction, discharge of effluent, adoption of clean processes, energy conservation, optimization of fuels and oils, recycling, recovery and reuse, process waste reduction, and resource conservation.

These efforts have led to significant saving in natural resources particularly water and energy. By adopting modern technology and process innovations, JK Paper has been able to reduce the need for supplies of fresh

water and also reduce discharge from the plant. By treating the outflows, water is being reused for the plant processes themselves or for irrigation purposes.

Through continuous efforts, the Company has been able to bring down its energy use per ton of paper produced. Waste materials like fly ash have also been utilized in making products that can be used by the society at large.

4. ACTIVITIES FOR SOCIAL AND INCLUSIVE DEVELOPMENT

The Company's CSR initiatives encompass five broad areas viz. Education, Health Care, Skill Development and Livelihood Interventions

A) School Education

The Company runs three schools in the vicinity of its manufacturing units at Rayagada in Odisha and Fort Songadh in Gujarat with a combined strength of around 3200. These schools cater not only to the children of our employees but also to the children from nearby communities.

Apart from running schools, the Company also takes up activities relating to donation of study material to deserving students. Over the last 3 years, it has distributed 3450 uniforms and 4500 study materials to students and Sports Materials to 20 tribal dominated schools and 6 youth clubs. To encourage soft skills among tribal students elocution and quiz Competitions were organized.

B) Adult Education

Transforming illiterate and underprivileged people, especially women through Adult Education Model has brought sea changes in their life. Apart from being able to keep them aware of developments through reading newspapers etc, it has brought a sense of self-confidence in them. From a modest beginning when 27 people became literate in 2004, the programme has come a long way. In 2011 around 2000 people were helped to become literate. Cumulatively as a result of our efforts, as many as 5300 people have become literate over the last 8 years.

C) Healthcare

The Company has been providing basic health services including free medicines to ST and SC people in the nearby villages. About 6322 people benefitted from the 56 camps run by Unit JKPM in Odisha while 2116 people availed of mobile medical dispensary run by Unit CPM in Gujarat.

D) Community Health Interventions

Apart from organizing health camps and mobile dispensaries the Company also took up a number of initiatives towards **Maternal & Child Health**. The company has been providing counseling for pregnant and lactating mothers on appropriate health care. Apart from these, 313 mothers had institutional (Safe) delivery & each mother got the benefit of Rs 1400/- under **Janani Surakhya Yojana (JSY)** in the last 3 years.

Comprehensive training has been provided to Tribal Girls to become Teachers and Community Facilitators: they in turn facilitated immunization of a significant number of children. Balika Mandals (Tribal Adolescent Girls Groups) have been formed by Unit JKPM to sensitize them on adolescent health. Seventy five School Health Education (SHE) Campaigns were also organized during the last three years.

E) Skill Development (Industrial Training Institute at UKAI)

Unit CPM in Gujarat adopted ITI Ukai and began work in the year 2008. After taking over the institute under Public Private Partnership (PPP) model improvements were done to reduce the gap between training of the students and industry requirements. Two new trades of Electrician

and Attendant Operator Chemical Plant were introduced and 6 existing trades were upgraded by the year 2010. Most of the students passed out are getting jobs in the industry. The existing strength of students is 330 with all of them belonging to ST and SC sections. **ITI, Ukai is declared now the Center Of Excellence (COE) and has been recognized as one of the best ITI under PPP mode in India.**

F) Livelihood Interventions

The Company, through its relentless efforts, has been successful in helping the formation of Self-Help Groups (SHG). As of 2011, it played a catalytic role in forming 35 such Groups with 402 members. These have helped SHGs to take up various income generating activities like Hill Broom Binding which is a non-timber forest produce and which also finds a good market in nearby areas. The good performance of SHGs has also helped them to get loan assistance from banking sector.

Apart from SHG, Unit JKPM also helped create additional income for 162 ST & SC farmers by introducing scientific practices in agriculture i.e. Hybrid Maize, Tuber Crop, Sunflower, Vegetable & paddy cultivation. About 13 Farmers Clubs were formed during 2011. The Unit organized 12 Crop Specific Training (CST) programmes with Package of Practices (PoP) both in (Kharif & Rabi) for 162 members of these Farmers Clubs.

JK Paper is also helping tribal women to become entrepreneur by encouraging them to take up broiler poultry farming. The Company has provided handholding support including financial assistance for setting up the enterprises and by exploring market linkage for selling of their produce.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are:-

- Commitment to excellence and customer satisfaction
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value

and remaining committed to high standards of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

2. BOARD OF DIRECTORS:

The Board of Directors presently consists of Twelve Directors of which three are Executive Directors and nine are Non-executive Directors. Details are as given hereunder:

Director	Category	No. of Board Meetings attended during 2011-12	Whether attended last A.G.M. (08.08.2011)	No. of other Directorships and Committee Memberships/Chairmanships		
				Other Directorships*	Other Committee Memberships **	Other Committee Chairmanships **
Sh. Hari Shankar Singhania, Chairman	Executive	5	No	3	-	-
Sh. Arun Bharat Ram	Non-Executive Independent	3	No	6	2	-
Sh. Dharendra Kumar	Non-Executive non-Independent	5	No	5	2	-
Sh. M.H. Dalmia	Non-Executive Independent	2	No	1	-	-
Sh. R. V. Kanoria	Non-Executive Independent	2	No	7	-	-
Sh. S. K. Pathak	Non-Executive Independent	1	No	-	-	-
Sh. Shailesh Haribhakti	Non-Executive Independent	3	No	13	5	5
Sh. Udayan Bose	Non-Executive Independent	4	Yes	2	1	-
Smt. Vinita Singhania	Non-Executive non-Independent	3	No	3	-	-
Sh. Wilhelmus Johannes Maria Wienk (Nominee of FCCB Holders, w.e.f. 21.01.2012)	Non-Executive non-Independent	1	-	-	-	-
Sh. Harsh Pati Singhania, Managing Director	Executive	5	Yes	2	2	-
Sh. O. P. Goyal, Whole-time Director	Executive	5	Yes	2	-	-

* excludes Directorships in Private Ltd Companies, Foreign Companies, memberships of Managing Committees of various Chambers/ bodies /Section 25 Companies.

** only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee. Shri Dharendra Kumar and Smt. Vinita Singhania, Directors are relatives of Shri Hari Shankar Singhania, Chairman.

DATE AND NUMBER OF BOARD MEETINGS HELD: -

Five Board Meetings were held during the year 2011-12 on 9th April 2011, 29th April 2011, 15th July 2011, 11th November 2011 and 21st January 2012.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non – compliances, if any.

The Company already has a Code of Conduct in position for Management Cadre Staff (including Executive Directors). In terms of the Clause 49 of the Listing Agreement and contemporary practices of good corporate governance, the Board has laid down a code of conduct for all Board Members and Senior Management of the Company and the same is available on the website (www.jkpaper.com). All the Board Members and Senior Management Personnel have affirmed compliance with the code. This report contains a declaration to this effect signed by Managing Director.

3. AUDIT COMMITTEE:

Terms of Reference of the Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Committee presently consists of Shri Udayan Bose (Chairman), Shri Dharendra Kumar, Shri R.V. Kanoria and Shri Arun Bharat Ram, as members. Shri Arun Bharat Ram became a member of Committee w.e.f. 21.01.2012. The Composition of the Committee is in conformity with Clause 49 II (A) of the Listing Agreement.

Four meetings of the Audit Committee were held during the year 2011-12 as detailed hereunder:

Dates of meetings	No. of members attended
29 th April 2011	3
15 th July 2011	3
11 th November 2011	3
21 st January 2012	3

4.1 REMUNERATION COMMITTEE (Non mandatory):

The Remuneration Committee presently consists of three Independent Directors, namely Shri Arun

Bharat Ram, (Chairman), Shri R.V. Kanoria and Shri Udayan Bose to consider, determine and recommend remuneration to the Executive Director(s) of the Company.

One meeting of the Remuneration Committee was held during the year 2011-12 on 22nd November 2011 and was attended by all the three members.

4.2 REMUNERATION TO DIRECTORS:

A. Executive Directors

The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Fund for the year ended 31st March, 2012 to the Chairman, the Managing Director and the Whole-time Director is as follows: Shri Hari Shankar Singhania, Rs. 265.71 lac; Shri Harsh Pati Singhania, Rs. 265.56 lac; and Shri O. P. Goyal, Rs. 143.19 lac.

The Company does not have any Stock Option Scheme. In the case of Executive Directors, notice period is 6 months. Severance fee for the Chairman and the Managing Director is remuneration for the unexpired residue of term or for 3 years, whichever is shorter and for the Whole-time Director, 6 months salary in lieu of notice period.

B. Non-Executive Directors

The Company has paid sitting fees aggregating to Rs. 5.35 lac to all Non-executive Directors for attending the meetings of the Board and/or Committees of Directors, during the financial year 2011-12. Besides the sitting fees, they are also paid commission. At the Annual General Meeting of the Company held on 12.12.2007, the Members had approved payment of commission not exceeding 1% per annum of the net profits of the Company to the Non - Executive Directors. Each year, the Board fixes the amount to be paid as commission to them. For the year 2011-12, the Board has approved a commission of Rs. 5 lac each to be paid to Shri Arun Bharat Ram, Shri Dharendra Kumar, Shri M.H. Dalmia, Shri R.V. Kanoria, Shri S. K. Pathak, Shri Shailesh Haribhakti, Shri Udayan Bose and Smt. Vinita Singhania, & Rs. 0.97 lac to Shri Wilhelmus Johannes Maria Wienk.

The Non-executive Directors did not have any other material pecuniary relationship or transactions vis-à-vis the Company during the year.

Number of Equity shares of Rs.10/- each of the Company held by the Non-Executive Directors: Smt. Vinita Singhania (87,500 Equity Shares).

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Committee presently consists of four Directors, namely Shri R.V.Kanoria (Chairman), Shri Arun Bharat Ram, Shri Harsh Pati Singhania, Managing Director and Shri O.P.Goyal, Whole-time Director. The Composition of the Committee is in conformity with Clause 49 IV (G) (iii) of the Listing Agreement. Four meetings of the said Committee were held during the year 2011-12 as detailed hereunder:

Dates of meetings	No. of members attended
29 th April 2011	3
15 th July 2011	4
11 th November 2011	3
21 st January 2012	3

Shri Suresh Chander Gupta, Company Secretary, is the Compliance Officer.

Nine investor complaints were received during the financial year ended 31st March 2012, which were promptly resolved to the satisfaction of the investor concerned. The Board has delegated the power of share transfer to the Committee of Directors and the share transfer formalities are attended to as required. All valid requests for transfer of shares in physical form were processed in time and there were no pending transfers of shares. During the year ended 31st March 2012, 22 meetings of the said Committee of Directors were held.

6. GENERAL BODY MEETINGS:

- (i) Location and time for last three Annual General Meetings were:

Year	Location	Date	Time
2008-09	P.O. Central Pulp Mills – 394 660 Fort Songadh, Distt. Tapi, Gujarat	03-08-2009	2.30 P.M.
2009-10	Same as above	02-08-2010	1.30 P.M.
2010-11	Same as above	08-08-2011	12.30 P.M.

- (ii) No Special Resolutions were required to be put through postal ballot last year. No Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.
- (iii) Special Resolutions passed in previous 3 Annual General Meetings:
- (a) At the last Annual General Meeting of the Company held on 8th August 2011, Special Resolutions were passed unanimously:
- (i) to insert Article 4B in Articles of Association of the Company, regarding enforceability of Foreign Currency Convertible Bonds Subscription Agreements.
- (ii) to accord consent to Sh. Shrivats Singhania to hold an office or place of profit pursuant to Section 314 of the Companies Act, 1956 w.e.f. 1st September 2011.
- (b) At the Annual General Meeting of the Company held on 2nd August 2010, no Special Resolution was required to be passed.
- (c) At the Annual General Meeting of the Company held on 3rd August 2009, a Special Resolution was passed unanimously to re-appoint and determine the terms of remuneration of the Whole-time Director.

7. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large. *None*

Suitable disclosure as required by Accounting Standard (AS-18) on Related Party transactions has been made in the Annual Report.

Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. *None*

The Company has a risk management system and has laid down procedures to inform Board Members about risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

8. MEANS OF COMMUNICATION:

Quarterly and annual financial results are normally published in the English Newspaper like Financial Express and the Gujarati Newspaper Sandesh, etc. and are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also displayed on the web-site of the company “www.jkpaper.com”. Management Discussion & Analysis forms part of the Annual Report.

9. GENERAL SHAREHOLDERS’ INFORMATION:

(i) Annual General Meeting (AGM) :-

- (a) Date and Time : Monday, 13th August 2012
at 12.00 Noon
Venue : P.O. Central Pulp Mills- 394660,
Fort Songadh, Distt. Tapi, Gujarat.

- (b) As required under Clause 49 IV (G) (i), a brief resume and other particulars of Directors retiring by rotation and seeking re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.

- (ii) **Book Closure** : 1st August 2012 to
13th August 2012 (both
days inclusive)

- (iii) **Dividend Payment Date** : August/ September 2012

- (iv) **Financial Calendar** : Year Ending March 31

Annual General Meeting for the year ending March 31, 2013
Between June and
September 2013

(v) Listing of Equity Shares (including Stock Code):

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (Stock Code - JK Paper) and BSE Limited (Stock Code - 532162). Listing Fee for the year 2012-13 has been paid to the said Stock Exchanges.

(vi) Stock Market Price Data :

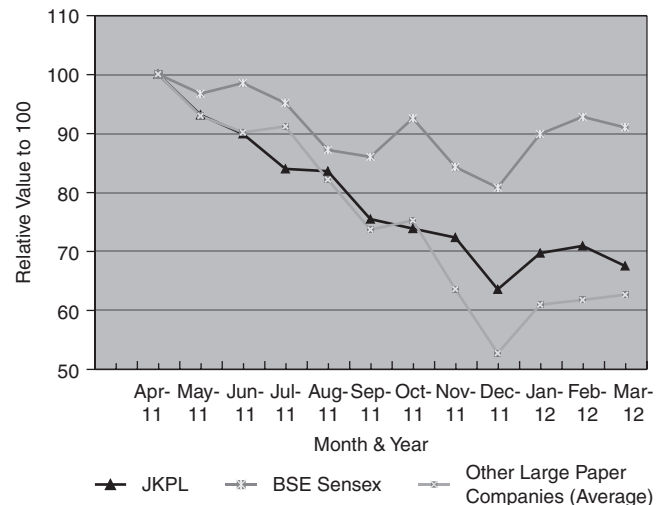
Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2011				
April	61.90	51.65	61.90	49.40
May	52.90	46.55	53.00	45.55
June	51.95	45.00	52.00	43.50
July	49.80	44.15	49.85	43.90
August	46.00	41.80	45.90	41.40
September	46.50	39.85	48.00	39.15
October	43.85	38.25	45.00	38.60
November	40.70	35.50	40.70	36.70
December	40.00	33.20	40.00	33.15
2012				
January	38.30	33.45	38.15	33.10
February	40.70	35.80	40.80	36.00
March	39.50	34.85	39.80	34.65

(Source: www.bseindia.com)

(Source : www.nseindia.com)

(vii) JK Paper Ltd.’s Share Performance vs. BSE Sensex & Other Large Paper Companies’ Share Performance (Average) [April 2011 to March 2012]:

JK Paper Ltd.’s Share Performance vs. BSE Sensex & Other Large Paper Companies’ Share Performance (Average)



(Source: www.bseindia.com)

(viii) Dematerialisation of shares and liquidity:

The Equity Shares of the Company are presently tradeable in compulsory demat segment. The ISIN No. for Equity Shares of the Company for both the depositories is INE789E01012. As on 31st March 2012, 99.97% of the Company’s Equity Share Capital was in dematerialised form.

In respect of Shares held in electronic form, all the requests for nomination, change of address and rematerialisation etc. are to be made only to the Depository Participant with whom the Shareholders have opened their Demat Account. The Company will not be in a position to process such requests.

(ix) **Share transfer system :**

The transfer/transmission of shares in physical form is normally processed and completed within a period of 15-20 days from the date of receipt thereof. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

(x) (a) **Distribution of Equity Shareholding (both in physical and electronic form) as on 31st March 2012:**

Number of Equity Shares held	Shareholders		Shares Held	
	Number	%	Number	%
1 to 500	16,767	80.26	26,29,042	1.92
501 to 1,000	1915	9.17	16,31,883	1.19
1,001 to 5,000	1630	7.80	37,91,909	2.78
5,001 to 10,000	261	1.25	19,39,590	1.42
Over 10,000	318	1.52	12,66,28,201	92.69
Total	20,891	100.00	13,66,20,625	100.00

(b) **Pattern of Equity Shareholding (both in physical and electronic form) as on 31st March 2012:**

Category	No. of Equity Shares held	Percentage of Shareholding
Domestic Companies	7,96,69,260	58.31
Resident Individuals & Trusts	3,41,62,447	25.01
FIs, Mutual Funds & Banks	95,65,793	7.00
Foreign Investors/ FIIs / NRIs	1,32,23,125	9.68
Total	13,66,20,625	100.00

(xi) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:**

FCCBs : Unsecured Foreign Currency Convertible Bonds (FCCBs) aggregating to Euro 35 Million, issued by the Company on private placement basis to European Development Institutions on 30th May 2011 are convertible into 3,63,16,875 Equity Shares anytime after 3.5 years from date of the issue of the FCCBs at an initial conversion price of Rs. 65/- per Equity Share of Rs. 10 each, subject to adjustments for the FCCBs.

If FCCBs are not converted, they are repayable between 15th May 2016 to 15th May 2018.

(xii) **Plant locations :**

- (i) JK Paper Mills
Jaykaypur – 765 017
Distt. Rayagada (Orissa).
- (ii) Central Pulp Mills
P.O. Central Pulp Mills - 394 660
Fort Songadh
Distt. Tapi (Gujarat)

(xiii) **Address for correspondence for Share Transfer and related matters:**

1. Registrar and Share Transfer Agent (RTA)
M/s MCS Limited,
F-65, 1st Floor,
Okhla Industrial Area,
Phase – I, New Delhi-110 020
Ph. (011) 41406149-52
Fax No.(011)-41709881
E-mail: admin@mcsdel.com
2. Company Secretary
JK Paper Limited
Gulab Bhawan (Rear Block - 3rd Floor)
6A, Bahadur Shah Zafar Marg
New Delhi-110 002
Ph. 011-30179100
(ext : 560,564,776)
Fax No. 91-11-23739475

(xiv) **Exclusive e-mail ID for redressal of investors complaints:**

In compliance of Clause 47(f) of the Listing Agreement, “sharesjkpaper@jkm.com” is the

e-mail ID exclusively for the purpose of registering complaints by investors.

10. DECLARATION:

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the “Code of Conduct for Members of the Board and Senior Management of JK Paper Limited” during the Financial Year ended 31st March 2012.

Harsh Pati Singhania
Managing Director

11. CODE FOR PREVENTION OF INSIDER TRADING:

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company has adopted a Code of Conduct for Prevention of Insider Trading in the securities of the Company by its employees in terms of Schedule I to the said Regulations.

AUDITORS’ COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of JK Paper Limited

We have examined the compliance of conditions of Corporate Governance by JK Paper Limited for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For LODHA & CO.
Chartered Accountants

N.K.Lodha
Partner

Firm Registration No.: 301051E
(Membership No. 85155)

Place: New Delhi
Date: 14th May, 2012

AUDITORS' REPORT

To the Members of JK PAPER LIMITED

We have audited the attached Balance Sheet of JK PAPER LIMITED, as at 31st March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 (The Act), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3 C) of the Companies Act, 1956;
- (e) On the basis of written representations received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policy and Notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
- ii) In the case of the Statement of Profit & Loss, of the Profit for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For LODHA & CO.
Chartered Accountants

N.K. LODHA
Partner
Firm Registration No.:- 301051E
Membership No.: - 85155

Place : New Delhi
Date : 14th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (I) of our Report of even date of JK PAPER LIMITED for the year ended 31st March, 2012)

- 1) (a) The Company has maintained proper records in respect of its fixed assets showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management according to the programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its Fixed Assets. The discrepancies, if any, noticed on such physical verification have been properly dealt with in the books of accounts.
- (c) As per the records and information and explanations given to us, no substantial part of fixed assets has been disposed off during the year.
- 2) (a) We have been explained by the management that the inventory has been physically verified at reasonable intervals during the year and confirmations are obtained where inventory are lying with third parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory. As far as we can ascertain and according to information and explanations given to us by the management, the discrepancies whenever material noticed on such physical verification of inventory as compared to book records were properly dealt within the books of accounts.
- 3) (a) As informed to us, the Company has given unsecured loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of said Company is Rs. 26.63 Crores and the year end balance of such loan is Rs. 23.03 Crores.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & conditions on which aforesaid loan has been given are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of aforesaid loan, the repayment of principal as well as interest is regular.
- (d) In respect of the loan given by the Company, no amount, principal as well as interest, is overdue and therefore provision of clause 4(iii) (d) of the order is not applicable.
- (e) As informed to us, the Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (f) and (g) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature where suitable alternative sources do not exist for obtaining comparable quotations, there is reasonable internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5) (a) According to the information and explanations provided by the management and based upon audit procedures performed, we are of the opinion that the particulars of contracts or arrangements that needs to be entered into register maintained pursuant to Section 301 of the Act have been so entered; and

- (b) In our opinion and according to information and explanations given to us, the transactions, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of five lacs rupees in respect of each party during the year have been made at prices which are reasonable (read with Para 4 above) having regard to prevailing market price at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58 A and 58 AA or any other relevant provisions of the Act and the rules framed there under with regard to deposits accepted from the public. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- 7) The Company has an internal audit system which is commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.
- 9) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Income Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2012.

- (b) According to the records and information and explanation given to us, there are no dues in respect of Wealth Tax, Service Tax and Custom Duty that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of Sales Tax, Income Tax, Excise Duty, Provident Fund and Cess that have not been deposited with the appropriate authority on account of dispute and the forum where the dispute is pending are given below:-

Nature of Statute	Nature of Dues	Period For Which Amount Relates	Amount Involved (Rs. in Crore)	Forum Where Dispute Is Pending
Sales Tax Act	Sales Tax	1983-84/1987-88	0.05	Sales Tax Department-Delhi
		1997-98/2002-07	0.12	Sales Tax Tribunal Cuttack
		2002-03	0.01	Deputy Commissioner Delhi
		2004-05	0.46	High Court Allahabad
		2005-2009	1.46	Additional Commissioner, Cuttack
		2005-2009	0.16	Sales Tax Tribunal Cuttack
		2006-07	1.05	High Court Allahabad
		2006-07	2.21	Joint Commissioner Appeals-Vadodara
		2007-08 & 2008-09	0.48	High Court Allahabad
		2009-10	0.10	High Court Allahabad
Central Excise Act	Excise Duty	1979-80/1981-82	0.70	Deputy Commissioner Central Excise, Rayagada
		1982-83	0.41	Supreme Court
		1986-87 & 1994-95	1.31	High Court, Cuttack
		2004-07	0.06	CESTAT, Ahmadabad
		2005-07	0.03	CESTAT, Ahmadabad
		2005-09	0.04	Commissioner (Appeals), Surat
		2007-09	0.49	CESTAT, Ahmadabad
		2007-09	0.41	CESTAT, Ahmadabad
		May 2008-March 2011	0.17	Asst. Commissioner, Bhubaneswar
		2008-09 & 2009-10	6.29	CESTAT, Kolkata
2008-09	0.15	CESTAT, Ahmadabad		
2005-06 & 2010-11	0.05	Asst. Commissioner Central Excise, Surat		
2005-06 & 2010-11	0.35	Commissioner (Appeals), Surat		
Provident Fund Act	Provident Fund	1971-72/1977-78	0.12	PF Commissioner, Surat
		2006-07	0.28	High Court Orissa Cuttack
Water (PCP) Cess Act, 1977	Cess	2001-02	0.82	Cess Appellate Committee, OSPB, Bhubaneswar

- 10) The Company does not have accumulated losses and has not incurred cash losses during the current year and in the immediately preceding financial year.

- 11) In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues to banks, financial institutions and debenture/bond holders.
- 12) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund or a nidhi /mutual benefit fund /society, therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- 14) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) (a) According to the information and explanations given to us, the Company has given an undertaking to Infrastructure Development Finance Company Limited against loan given to JK Enviro-tech Limited amounting to Rs. 40.00 Crore as stated in Note No. 31. In our opinion, the terms and conditions on which the Company has given the undertaking is not, prima facie, prejudicial to the interest of the Company.

(b) As explained to us, the Company has not given any guarantee for loans taken by others from banks and financial institution.
- 16) In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which they were obtained. However as represented by the management, unutilized amount of loans obtained for project purposes are temporarily deployed in short term investment pending utilization.
- 17) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have not been used for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 19) According to the information and explanations given to us and the records examined by us, adequate amount is kept in reserve as security in respect of bond holders outstanding at year end.
- 20) According to the information and explanations given to us and the records examined by us, the Company has raised money through Rights Issue of Rs. 245.58 Crore out of which Rs. 148.27 Crore has been utilized upto the end of the year. (Refer Note No. 51 (a)).
- 21) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For LODHA & CO.
Chartered Accountants

N.K. LODHA
Partner
Firm Registration No.:- 301051E
Membership No.:- 85155

Place : New Delhi
Date : 14th May, 2012

BALANCE SHEET

AS AT 31ST MARCH, 2012

Rs. in Crore (10 Million)

	Note	31 st March, 2012	31 st March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	136.65	78.24
Reserves and Surplus	3	714.81	510.66
		<u>851.46</u>	<u>588.90</u>
Non Current Liabilities			
Long Term Borrowings	4	845.56	291.36
Deferred Tax Liabilities (Net)		121.82	128.40
Other Long Term Liabilities	5	22.88	19.68
Long Term Provisions	6	2.79	3.09
		<u>993.05</u>	<u>442.53</u>
Current Liabilities			
Short Term Borrowings	7	130.63	138.73
Trade Payables		142.70	116.20
Other Current Liabilities	8	238.96	171.12
Short Term Provisions	9	26.13	3.61
		<u>538.42</u>	<u>429.66</u>
	TOTAL	<u>2,382.93</u>	<u>1,461.09</u>
ASSETS			
Non Current Assets			
Fixed Assets:			
Tangible Assets	10	806.68	843.47
Intangible Assets	11	0.38	0.98
Capital work-in-progress		583.75	24.54
		<u>1,390.81</u>	<u>868.99</u>
Non Current Investment	12	12.65	12.65
Long Term Loans and Advances	13	229.02	123.87
Other Non Current Assets	14	47.75	1.75
		<u>1,680.23</u>	<u>1,007.26</u>
Current Assets			
Current Investments	15	60.31	70.12
Inventories	16	164.19	127.53
Trade Receivables	17	144.16	107.87
Cash and Bank Balances	18	147.69	30.90
Short Term Loans and Advances	19	177.67	116.02
Other Current Assets	20	8.68	1.39
		<u>702.70</u>	<u>453.83</u>
	TOTAL	<u>2,382.93</u>	<u>1,461.09</u>

Significant Accounting Policies

I

The accompanying Notes are an integral part of the Financial Statements.

As per our report of even date.

For and on behalf of the Board

For LODHA & CO.
Chartered Accountants

H.S. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

Chairman
Managing Director
Whole Time Director

N.K. LODHA
Partner

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
R.V. KANORIA
SHAILESH HARIBHAKTI

S.K. PATHAK
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 14th May, 2012

S.C. GUPTA
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2012

Rs. in Crore (10 Million)

	Note	2011-12	2010-11
REVENUE:			
Sale of Product - Paper and Board		1,557.10	1,432.97
Less: Discounts		161.79	152.59
		<u>1,395.31</u>	<u>1,280.38</u>
Less: Excise Duty		67.05	49.66
Net Sales		<u>1,328.26</u>	<u>1,230.72</u>
Other Operating Revenue	21	1.80	2.07
Revenue from Operation		<u>1,330.06</u>	<u>1,232.79</u>
Other Income	22	23.50	12.75
Total Revenue		<u>1,353.56</u>	<u>1,245.54</u>
EXPENSES:			
Cost of Material Consumed	23	721.40	584.69
Purchases of Stock-in-Trade		72.20	33.35
Changes in Inventories of Finished Goods and WIP	24	(16.13)	10.37
Employee Benefits Expense	25	126.14	130.01
Finance Costs	26	51.25	51.37
Depreciation and Amortization Expenses	27	72.94	71.62
Other Expenses	28	273.64	215.68
Total Expenses		<u>1,301.44</u>	<u>1,097.09</u>
Profit Before Tax		52.12	148.45
Tax Expense:			
Current Tax (MAT)		10.60	43.66
MAT Credit Entitlement		(1.22)	-
Deferred Tax Credit		(6.58)	(1.63)
Profit After Tax		<u>49.32</u>	<u>106.42</u>
Earning per Equity Share (Rs.)			
– Basic		4.41	13.62
– Diluted		3.46	13.62

Significant Accounting Policies

I

The accompanying Notes are an integral part of the Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For and on behalf of the Board

For LODHA & CO.
Chartered Accountants

H.S. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

Chairman
Managing Director
Whole Time Director

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Partner

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SHAILESH HARIBHAKTI

S.K. PATHAK
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 14th May, 2012

S.C. GUPTA
Company Secretary

Note I

SIGNIFICANT ACCOUNTING POLICIES

- (a) Accounts are maintained on accrual basis. Claims/Refunds not ascertainable with reasonable certainty are accounted for on settlement basis.
- (b) Fixed Assets are stated at cost adjusted by revaluation of certain assets.
- (c) Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/ erection.
- (d) (i) Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the Balance Sheet date are translated at exchange rate prevailing at the year end. Premium or discount in respect of forward contracts covered under AS 11 (revised 2003) is recognized over the life of contract. Exchange differences arising on actual payments/realizations and year end translations including on forward contracts are dealt with in Statement of Profit and Loss except foreign exchange loss/gain on reporting of long-term foreign currency monetary items used for depreciable assets, which are capitalized. Non Monetary Foreign Currency items are stated at cost.
(ii) In accordance with Announcement issued by the Institute of Chartered Accountants of India all outstanding derivatives except covered under AS 11 (revised 2003) are marked to market on Balance Sheet date and loss, if any, is recognized in Statement of Profit and Loss, and gains are ignored.
- (e) Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management. The current investments are stated at lower of cost and quoted/fair value computed category-wise. When investment is made in partly convertible debentures with a view to retain only the convertible portion of the debentures, the excess of the face value of the non-convertible portion over the realisation on sale of such portion is treated as a part of the cost of acquisition of the convertible portion of the debenture. Income in respect of securities with long-term maturities is accounted for as per contractual obligation.
- (f) Inventories are valued at the lower of cost and net realisable value (except scrap/ waste which are valued at net realisable value). The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- (g) Export incentives, Duty drawbacks and other benefits are recognized in the Statement of Profit and Loss. Project subsidy is credited to Capital Reserve.
- (h) Revenue expenditure on Research and Development is charged to Statement of Profit and Loss in the year in which it is incurred and capital expenditure is added to Fixed Assets.
- (i) Borrowing cost is charged to Statement of Profit and Loss except cost of borrowing for acquisition of qualifying assets which is capitalised till the date of commercial use of the asset.
- (j) (i) Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method considering the rates in force at the time of respective additions of the assets made before 02.04.1987 and on additions thereafter at the rates and in the manner specified in Schedule XIV of the Companies Act 1956. Continuous Process Plants as defined in Schedule XIV have been considered on technical evaluation. Depreciation on additions due to exchange rate fluctuation is provided on the basis of residual life of the assets. Depreciation on assets costing up to Rs. 5000/- and on Temporary Sheds is provided in full during the year of additions.
(ii) Depreciation on the increased amount of assets due to revaluation is computed on the basis of the residual life of the assets as estimated by the valuers on straight-line method.
(iii) Leasehold Land is being amortised over the lease period.
- (k) An asset is treated as impaired when the carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss when an asset is identified as impaired. Reversal of impairment

loss recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

(l) Employee Benefits:

(i) Defined Contribution Plan

Employee benefit in the form of Superannuation Fund is considered as defined contribution plan and charged to the Statement of Profit and Loss in the year when the contribution to the respective fund is due.

(ii) Defined Benefit Plan

Retirement benefits in the form of Gratuity is considered as defined benefit obligation and provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance Sheet.

The Provident Fund Contribution is made to trust administered by the trustees. The interest rate to the members of the trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. Any shortfall, if any, shall be made good by the Company.

(iii) Other long-term benefits

Long term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance Sheet.

Actuarial gain/losses, if any, are immediately recognized in the Statement of Profit and Loss.

(m) Lease rentals in respect of assets taken on finance lease are accounted for in reference to lease terms.

(n) Expenditure incurred against which benefit is expected to flow into future periods, are treated as Deferred Revenue Expenditure and charged to Revenue Account over the expected duration of benefit. Share issue expense is charged to Securities Premium Reserve in the year of issue. ECA Premium on loans is to be amortised over the tenure of loan.

(o) Intangible Assets are being recognised if the future economic benefits attributable to the asset are expected to flow to the company and the cost of the asset can be measured reliably. The same are being amortised over the expected duration of benefits.

(p) Current tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act, 1961. Deferred tax assets and liabilities are recognised in respect of current year and prospective years. Deferred tax assets are recognised on the basis of reasonable certainty / virtual certainty as the case may be, that sufficient future taxable income will be available against which the same can be realised.

(q) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes.

(r) Premium on redemption of preference shares is accounted for in the year of redemption.

Rs. in Crore (10 Million)

31st March, 201231st March, 2011**Note 2****SHARE CAPITAL****Authorised:**

Equity Shares - 20,00,00,000 (Previous year - 20,00,00,000) of Rs.10 each	200.00	200.00
Redeemable Preference Shares - 3,00,00,000 (Previous Year - 3,00,00,000) of Rs.100 each	300.00	300.00
	<u>500.00</u>	<u>500.00</u>

Issued, Subscribed and Paid-up:

Equity Shares - 13,66,20,625 (Previous year 7,81,49,939) of Rs.10 each fully paid up	136.62	78.15
10% Cumulative Redeemable Preference Shares - 3,000 (Previous Year 9,000) of Rs. 100 each fully paid-up	0.03	0.09
	<u>136.65</u>	<u>78.24</u>

Notes:

- (a) (i) Reconciliation of Equity Share Capital (In numbers)
- | | | |
|---|----------------------------|--------------------|
| Shares outstanding at the beginning of the year | 7,81,49,939 | 7,81,49,939 |
| Add: Shares issued during the year | 5,84,70,686 | - |
| Less: Shares bought back during the year | - | - |
| Shares outstanding at the end of the year | <u>13,66,20,625</u> | <u>7,81,49,939</u> |
- (ii) Reconciliation of Preference Share Capital (In numbers)
- | | | |
|---|---------------------|--------------|
| Shares outstanding at the beginning of the year | 9,000 | 20,000 |
| Add: Shares issued during the year | - | - |
| Less: Shares redeemed during the year | 6,000 | 11,000 |
| Shares outstanding at the end of the year | <u>3,000</u> | <u>9,000</u> |
- (b) (i) Equity Shares:
- The equity shareholders have:-
- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing general meeting.
 - The Company has only one class of Equity Shares having face value of Rs. 10/- each and each shareholder is entitled to one vote per share.
 - In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their individual shareholding in the paid up equity capital of the Company.
- (ii) Preference Shares:-
- The cumulative redeemable preference shareholders have:-
- The right to receive a fixed cumulative preferential dividend at specified rate on the paid up capital.
 - The right to receive arrears of cumulative dividend, if any, whether earned or declared or not, at time of redemption of the said shares, and,
 - The right in a winding up to have the capital paid up on such shares and the arrears, if any, of the said preferential dividend, whether earned or declared or not, be paid off in priority to any payment of capital on equity shares. However, it shall not confer the right to any further participation in the profits or assets of the Company.

- The right to vote, in respect of such capital, in proportion as paid up preference share capital bears to the total paid up equity capital only on resolutions directly affecting their rights and on every resolution on non-payment of dividend for an aggregate period of not less than two years.

Terms of Redemption: The Company has redeemed 10% Cumulative Redeemable Preference Shares (Series F) of Rs. 0.06 Crore on 30th June, 2011 along with premium on redemption of Rs. 5.46 Crore. Further 10% Cumulative Redeemable Preference Shares (Series G) of Rs 0.03 Crore are redeemable on 30th June 2012 along with Premium on redemption of Rs. 5.46 Crore.

(c) (i) List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers):

	31st March, 2012	31 st March, 2011
Bengal & Assam Company Limited	2,83,01,332	1,43,44,407
Fenner (India) Limited	2,54,57,500	76,90,000
JK Paper Employees' Welfare Trust	1,37,25,362	1,04,14,493
JK Agri Genetics Limited	1,16,81,684	66,75,248
International Finance Corporation	76,90,000	76,90,000

(ii) List of shareholders holding more than 5% of the Preference Share Capital of the Company (In numbers):

JK Paper Employees' Welfare Trust	1,832	5,496
Bengal & Assam Company Limited	444	1,332
IFCI Limited	278	834
Life Insurance Corporation of India	222	666
State Bank of India	160	481

Rs. in Crore (10 Million)

Note 3

RESERVES AND SURPLUS

Capital Reserve

Balance at the beginning of the year	29.92	-
Addition during the year	-	29.92
Closing balance	29.92	29.92

Capital Redemption Reserve

Balance at the beginning of the year	2.91	2.80
Addition during the year	0.06	0.11
Closing balance	2.97	2.91

Securities Premium Reserve

Balance at the beginning of the year	181.69	187.15
Addition during the year (a)	187.11	-
Transfer/Adjustments during the year (b)	(8.26)	(5.46)
Closing balance	360.54	181.69

Debenture Redemption Reserve

Balance at the beginning of the year	-	-
Addition during the year	0.66	22.94
Written back during the year	-	(22.94)
Closing balance	0.66	-

	31st March, 2012	Rs. in Crore (10 Million) 31 st March, 2011
Revaluation Reserve		
Balance at the beginning of the year	3.78	5.41
Transfer during the year (c)	(0.19)	(1.63)
Closing balance	<u>3.59</u>	<u>3.78</u>
General Reserve		
Balance at the beginning of the year	43.07	27.54
Addition during the year (d)	2.50	15.53
Closing balance	<u>45.57</u>	<u>43.07</u>
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	249.29	174.50
Net Profit for the Current year	49.32	106.42
Amount available for appropriation	<u>298.61</u>	<u>280.92</u>
Appropriation:		
Debenture Redemption Reserve	(0.66)	22.94
Debenture Redemption Reserve written back	-	(22.94)
Transfer to Capital Redemption Reserve	(0.06)	(0.11)
Transfer to General Reserve	(2.50)	(11.00)
Dividend (e)	(20.50)	(17.60)
Corporate Dividend Tax	(3.33)	(2.92)
Closing balance	<u>271.56</u>	<u>249.29</u>
Total	<u>714.81</u>	<u>510.66</u>

Notes:

- (a) During the year 5,84,70,686 Equity Shares have been issued at a premium of Rs. 32/- per share.
- (b) (i) Adjusted Premium on Redemption of Preference Shares Rs. 5.46 Crore (Previous year Rs. 5.46 Crore).
(ii) Share issue expenses on account of Rights Issue Rs. 2.80 Crore (Previous year Nil).
- (c) (i) Rs. 0.19 Crore to Statement of Profit and Loss towards Additional Depreciation arising out of revaluation of Fixed Assets (Previous year Rs. 0.21 Crore).
(ii) Pursuant to the Scheme of Arrangement, Current year Rs. Nil (Previous year Rs. 1.42 Crore).
- (d) (i) Transfer from Surplus in Statement of Profit and Loss - Current year Rs. 2.50 Crore (Previous year Rs. 11.00 Crore).
(ii) Pursuant to the Scheme of Arrangement towards adjustment of Deferred Tax Liability Current year Rs. Nil (Previous year Rs. 4.53 Crore).
- (e) Dividend proposed @ Rs. 1.50/- per Equity Share and @ Rs. 10/- per Preference Share.

Rs. in Crore (10 Million)

31st March, 2012

31st March, 2011

Note 4

LONG TERM BORROWINGS

SECURED

Term Loans

- From Banks	627.33	293.90
- From Financial Institutions	73.63	78.62

UNSECURED

Foreign Currency Term Loans from Bank	2.43	3.18
Foreign Currency Convertible Bonds (FCCB's)	239.19	-
Public Deposits	20.34	23.92
	<u>962.92</u>	<u>399.62</u>
Less: Current maturities of Long Term Borrowings		
Term Loans from Banks (Secured)	78.01	87.27
Term Loans from Financial Institutions (Secured)	27.56	13.74
Foreign Currency Term Loans from Banks (Unsecured)	1.22	1.06
Public Deposits (Unsecured)	10.57	6.19
	<u>117.36</u>	<u>108.26</u>
Total	<u>845.56</u>	<u>291.36</u>

Notes:

- (a) Term Loans of Rs. 307.43 Crore (Fls – Rs. 73.63 Crore and Banks Rs. 233.80 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets of the Company. Out of the above Term Loan Rs. 107.65 Crore (Fls - Rs. 70.25 Crore and Banks Rs. 37.40 Crore) are further secured by second charge on the current assets of the Company. These Term Loans are/shall be repayable as under :-
- (i) Term Loans aggregating to Rs. 22.46 Crore are repayable in 3 equal annual instalments from June-2012 to June-2014,
 - (ii) Term Loan of Rs. 37.86 Crore is repayable in 9 half-yearly instalments from June-2012 to June-2016,
 - (iii) Term Loans aggregating to Rs. 89.06 Crore are repayable in total 28 equal half-yearly instalments from June-2012 to June-2018,
 - (iv) Term Loans aggregating to Rs. 130.17 Crore are repayable in total 51 equal quarterly instalments from April-2012 to March-2018,
 - (v) Term Loans aggregating to Rs. 4.48 Crore are repayable in June 2012,
 - (vi) Term Loan of Rs. 23.40 Crore is repayable in 26 equal monthly instalments from April-2012 to May-2014.
- (b) Terms Loans of Rs. 393.53 Crore (Fls – Rs. Nil, Banks Rs. 393.53 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets, both present and future, of Unit JKPM of the Company. These Term Loans are/shall be repayable as under :-
- (i) Term Loans aggregating to Rs. 95.00 Crore are repayable in total 25 equal quarterly instalments from September-2014 to December-2020,
 - (ii) Term Loans aggregating to Rs. 298.53 Crore are repayable in total 50 equal half-yearly instalments from March-2013 to March-2023,
- (c) Certain charges have been created against which loan disbursement partially/yet to be availed.
- (d) Certain charges are in the process of satisfaction.
- (e) Secured Terms Loans from Financial Institutions and Banks include Rs. 403.57 Crore foreign currency loans.
- (f) Un-secured Term Loan from Bank of Rs. 2.43 Crore is repayable in 4 equal half yearly instalments from Apr-2012
- (g) FCCB's of EURO 35 Million @ 6.455% issued on 30th May, 2011 are convertible into equity shares of the Company at an initial conversion price of Rs. 65 per share, subject to price adjustment as per agreement, after 3 years and 6 months from the date of issue. If not converted then the FCCBs will be redeemed at par between 15th May 2016 to 15th May 2018 in 5 half yearly instalments.
- (h) Public Deposits are due for repayment in 2012-13, 2013-14 & 2014-15.

Rs. in Crore (10 Million)

31st March, 201231st March, 2011**Note 5****OTHER LONG TERM LIABILITIES**

Trade Deposits	22.73	19.48
Interest accrued but not due on Public Deposits	0.15	0.20
	<u>22.88</u>	<u>19.68</u>

Note 6**LONG TERM PROVISIONS**

Provision for Employee Benefits	2.79	3.09
	<u>2.79</u>	<u>3.09</u>

Note 7**SHORT TERM BORROWINGS****SECURED**

Working Capital Borrowings from Bank	106.35	39.88
--------------------------------------	--------	-------

UNSECURED

Short Term Loans from Banks	-	75.00
Buyer's Credit facilities from Bank	23.37	18.94
Public Deposits	0.91	4.91
	<u>130.63</u>	<u>138.73</u>

Note:

Working Capital Borrowings are secured by hypothecation of Stores, Raw Materials, Finished Goods, Stock-in-Process and Book Debts. The same are further secured by a second charge on the movable and immovable assets of the Company.

Note 8**OTHER CURRENT LIABILITIES**

Current maturities of Long Term Borrowings	117.36	108.26
Interest accrued but not due on Borrowings	13.26	6.39
Unclaimed Dividends #	0.24	0.26
Unclaimed Matured Deposits #	0.70	0.63
Unclaimed interest on Unclaimed Matured Deposits #	0.08	0.07
Advance from Customers	4.70	3.36
Statutory Dues	10.40	7.64
Derivative Financial Instruments	-	0.97
Capital Creditors	57.47	1.33
Other Payables	34.75	42.21
	<u>238.96</u>	<u>171.12</u>

Investor Education and Protection Fund will be credited as & when due.

Note 9**SHORT TERM PROVISIONS**

Provision for Employee Benefits	2.31	3.61
Proposed Dividend	20.50	-
Tax on Proposed Dividend	3.32	-
	<u>26.13</u>	<u>3.61</u>

Note 10**TANGIBLE ASSETS**

Rs. in Crore (10 Million)

Description	GROSS BLOCK (b)			DEPRECIATION			NET BLOCK		
	As at 1 st April, 2011	Additions/ Adjustments	Sales/ Adjustments	As at 31 st March, 2012	Upto 31 st March, 2011	For the year	On Sales/ Adjustments	As at 31 st March, 2012	As at 31 st March, 2011
Land-Freehold (a)	3.24	1.66	-	4.90	-	-	-	4.90	3.24
-Leasehold	0.17	-	-	0.17	0.03	†0.00	-	0.03	0.14
Building	121.75	1.04	-	122.79	34.62	3.39	-	38.01	87.13
Plant & Equipment (c)	1,283.67	29.70	2.88	1,310.49	550.69	66.43	2.45	614.67	732.98
Furniture and Fixture	4.27	0.21	0.08	4.40	2.00	0.22	0.03	2.19	2.27
Office Equipment	10.88	1.07	0.29	11.66	5.76	0.92	0.24	6.44	5.12
Vehicles & Locomotive	14.40	3.86	2.02	16.24	4.21	1.35	0.75	4.81	10.19
Railway Siding	4.64	-	-	4.64	2.24	0.22	-	2.46	2.40
Total	1,443.02	37.54	5.27	1,475.29	599.55	72.53	3.47	668.61	843.47
Previous year	1,416.41	64.44	37.83	1,443.02	539.34	70.31	10.10	599.55	843.47

† Rs. 21,405/-

Notes:

- (a) Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees and cost of 34.72 acres land for which title is yet to be transferred in name of the Company.
- (b) Gross Block includes amount of revaluation (Note no. 34).
- (c) During the year Rs. 0.70 Crore (Previous year Rs. 1.50 Crore) has been added to the Plant & Equipment due to Foreign Exchange Fluctuation (Net).

Note 11**INTANGIBLE ASSETS**

Rs. in Crore (10 Million)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1 st April, 2011	Additions/ Adjustments	Sales/ Adjustments	As at 31 st March, 2012	Upto 31 st March, 2011	For the year	On Sales/ Adjustments	As at 31 st March, 2012	As at 31 st March, 2011
Computer Software	7.51	-	-	7.51	6.53	0.60	-	7.13	0.98
Performance Improvement & Development	4.87	-	4.87	-	4.87	-	4.87	-	-
Total	12.38	-	4.87	7.51	11.40	0.60	4.87	7.13	0.98
Previous year	12.38	-	-	12.38	9.88	1.52	-	11.40	0.98

Note:

Intangible Assets are being depreciated @ 20% p.a. on Straight Line Method.

Rs. in Crore (10 Million)					
31st March, 2012					
31 st March, 2011					
Face Value Rs./Share	Nos.	Book Value	Nos.	Book Value	
Note 12					
NON CURRENT INVESTMENTS					
Long Term Investments (At cost, other than Trade)					
- Quoted Equity Shares (fully paid up)					
JK Lakshmi Cement Ltd.	5/-	2,16,000	0.52	2,16,000	0.52
Udaipur Cement Works Ltd. (formerly JK Udaipur Udyog Ltd.)	10/-	50,00,000	5.00	50,00,000	5.00
Bengal & Assam Company Ltd.	10/-	4,677	0.06	4,677	0.06
- Unquoted Equity Shares (fully paid up)					
JK Enviro-Tech Ltd (Associate) #	10/-	17,00,000	1.70	17,00,000	1.70
JK Paper Mills Employees' Co-operative Stores Ltd.	10/-	250	†0.00	250	†0.00
Songadh Infrastructure & Housing Ltd. (Wholly Owned Subsidiary)	10/-	49,50,600	4.95	49,50,600	4.95
Jaykaypur Infrastructure & Housing Ltd. (Wholly Owned Subsidiary)	10/-	49,50,600	4.95	49,50,600	4.95
Investment in Government Securities (Deposited with Govt. Departments)			†0.00		†0.00
			<u>17.18</u>		<u>17.18</u>
Less: Provision for diminution in value of Investments			<u>4.53</u>		<u>4.53</u>
			<u>12.65</u>		<u>12.65</u>
Aggregate book value of quoted investments			1.05		1.05
Aggregate book value of unquoted investments			11.60		11.60
Aggregate market value of quoted investments			1.98		1.69

Equity Shares pledged with Infrastructure Development Finance Company Limited for a Loan availed by JK Enviro-Tech Limited.

†Rs. 2,500/- †Rs. 3,000/-

31st March, 2012	31st March, 2011
------------------------------------	------------------------------------

Note 13

LONG TERM LOANS AND ADVANCES

(Unsecured, Considered good)		
Capital Advances	174.83	69.34
Deposits with Government Authorities and Others	10.93	8.97
Loans and advances to related parties:		
JK Enviro-Tech Limited (Associate)	19.36	22.88
Other Loans & Advances:		
MAT credit entitlement	21.90	20.68
Others	2.00	2.00
	<u>229.02</u>	<u>123.87</u>

Note 14

OTHER NON CURRENT ASSETS

Others:		
Un-amortised Upfront Fee, Syndication Fee etc.	0.13	0.18
Un-amortised ECA Premium on Loan	31.44	-
Derivative Financial Instruments	16.18	1.57
	<u>47.75</u>	<u>1.75</u>

Rs. in Crore (10 Million)

31st March, 2012 31st March, 2011
Nos. Book Value **Nos. Book Value**

Note 15

CURRENT INVESTMENTS

Investments in Mutual Funds (Lower of Cost and quoted/fair value) :-

Baroda Pioneer Treasury Advantage - Institutional Growth Plan	2,07,644	25.00	-	-
BSL Floating Rate Fund - Long Term - Institutional - Growth Plan	16,19,703	20.31	-	-
IDFC Ultra Short Term Fund Growth Plan	67,48,003	10.00	-	-
Taurus Fixed Maturity Plan 91 Days Series N - Growth Plan	50,00,000	5.00	-	-
SBI-Premier Liquid Fund - Super Institutional - Daily Dividend Plan	-	-	6,98,96,708	70.12
		<u>60.31</u>		<u>70.12</u>
Aggregate book value of quoted investments		60.31		70.12
Aggregate book value of unquoted investments		-		-
Aggregate market value of quoted investments		60.81		70.12

Note 16

INVENTORIES

(As certified by the Management)

Raw Materials #		83.91		66.47
Work-in-Progress \$		14.51		8.91
Finished Goods		14.13		7.50
Stock in Trade		12.38		8.02
Stores and Spares #		39.26		36.63
		<u>164.19</u>		<u>127.53</u>

Includes Raw Materials in transit Rs. 0.69 Crore (Previous year Rs. 0.02 Crore) and Stores and Spares in transit Rs. 0.26 Crore (Previous year Rs. 0.06 Crore).

\$ Includes Pulp in process Rs. 2.87 Crore (Previous year Rs. 1.61 Crore) and Semi Finished Goods Rs. 11.64 Crore (Previous year Rs. 7.30 Crore).

Note 17

TRADE RECEIVABLES

UNSECURED

Exceeding six months (from due date):

Considered Good		18.39		19.25
Considered Doubtful		11.89		10.52
Others:				
Considered Good		125.77		88.62
		<u>156.05</u>		<u>118.39</u>
Less: Provision for Doubtful Debts		11.89		10.52
		<u>144.16</u>		<u>107.87</u>

Rs. in Crore (10 Million)

31st March, 201231st March, 2011**Note 18****CASH AND BANK BALANCES****Cash and Cash Equivalents**

Balance with Banks:

Current Accounts	8.02	7.18
Savings Bank Accounts (Employees Security Deposit)	0.01	0.01
Bank Deposits with original maturity of 3 months or less	135.00	20.00

Cheques/Drafts on hand

0.11 0.14

Cash on Hand

0.27 0.29

Earmarked Balances with Banks

Unclaimed Dividend Accounts	0.24	0.26
Fixed Deposit towards Public Deposit	2.25	2.25

Other Bank Balances

Held as margin money in Fixed Deposits	1.79	0.77
	<u>147.69</u>	<u>30.90</u>

Note 19**SHORT TERM LOANS AND ADVANCES**

(Unsecured, Considered Good)

Loans and advances to related parties

JK Enviro-Tech Limited (Associate)	9.86	3.27
Jaykaypur Infra. & Housing Ltd. (Wholly Owned Subsidiary)	35.29	33.88
Songadh Infra. & Housing Ltd. (Wholly Owned Subsidiary)	9.41	8.73

Others

Advances recoverable in cash or in kind or for value to be received	37.31	33.12
Interest accrued but not due	2.10	0.97
Advances to Employees	2.34	2.19
Advances to Suppliers	47.69	19.13
CENVAT Recoverable	28.13	8.17
Advance Income Tax/ Tax deducted at source (Net of Provision)	0.05	2.42
Other Deposits	5.49	4.14

Doubtful

Doubtful advances / loans	0.49	0.49
Less : Provision for doubtful advances / loans	0.49	0.49
	<u>177.67</u>	<u>116.02</u>

Note 20**OTHER CURRENT ASSETS****Others**

Rights Issue Expenses	-	0.76
Un-amortised ECA Premium	3.49	-
Derivative Financial Instruments	4.95	-
Deferred Premium on Forwards	0.24	0.63
	<u>8.68</u>	<u>1.39</u>

Rs. in Crore (10 Million)

2011-12 2010-11

Note 21

OTHER OPERATING REVENUE

Insurance charges recovered	1.09	1.30
Provisions of earlier years no longer required	0.08	0.48
Miscellaneous Income	0.63	0.29
	<u>1.80</u>	<u>2.07</u>

Note 22

OTHER INCOME

Interest Income	17.21	7.47
Dividend Income	0.94	2.27
Profit on sale of Fixed Assets	0.45	0.37
Net Gain on sale of Current Investments	4.90	0.02
Non-operating Income		
– Foreign Exchange Fluctuation	-	2.38
– Other	-	0.24
	<u>23.50</u>	<u>12.75</u>

Note 23

COST OF MATERIALS CONSUMED

Bamboo	36.44	45.83
Hardwood	185.60	149.49
Pulp	213.37	138.95
Chemicals	234.63	209.06
Packing Material	51.36	41.36
	<u>721.40</u>	<u>584.69</u>

Note 24

CHANGES IN FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Opening Stock

Finished Goods	7.50	9.73
Stock-in-Trade	8.02	13.91
Stock-in-Process	8.91	11.25
	<u>24.43</u>	<u>34.89</u>

Closing Stock

Finished Goods	14.13	7.50
Stock-in-Trade	12.38	8.02
Stock-in-Process	14.51	8.91
	<u>41.02</u>	<u>24.43</u>

Add : Excise Duty on Variation of Stock	0.46	(0.09)
(Increase)/Decrease in Stock	<u>(16.13)</u>	<u>10.37</u>

Rs. in Crore (10 Million)

Note 25

EMPLOYEE BENEFITS EXPENSE

	2011-12	2010-11
Salaries, Wages, Allowances, etc.	101.66	105.77
Contribution to Provident and Other Funds	8.33	8.73
Staff Welfare Expenses	16.15	15.51
	<u>126.14</u>	<u>130.01</u>

Note 26

FINANCE COSTS

Interest on:		
Term Loan and Public Deposits	35.09	34.59
Others	12.54	5.56
Other Borrowing Costs:		
Financial Charges	1.29	2.17
Redemption Premium on FCCBs	-	7.77
Premium on Forward Exchange Contracts	0.48	0.58
Lease Rent on Machinery	0.06	0.15
Net Loss on foreign currency transactions and translation	1.79	0.55
	<u>51.25</u>	<u>51.37</u>

Note 27

DEPRECIATION AND AMORTISATION EXPENSES

Depreciation on Tangible Assets	72.53	70.31
Transfer from Revaluation Reserve	(0.19)	(0.21)
Amortisation of Intangible Assets	0.60	1.52
	<u>72.94</u>	<u>71.62</u>

Note 28

OTHER EXPENSES

Consumption of Stores and Spares	25.96	22.57
Power, Fuel and Water	186.62	136.08
Repairs to Building	4.45	5.93
Repairs to Machinery	5.88	4.86
Rent (Net)	5.88	2.00
Insurance Premium	1.31	1.28
Rates and Taxes	0.40	1.15
Commission on sales	2.81	1.90
Directors' fees	0.05	0.05
Directors' Commission	0.41	0.62
Premium on Forward Exchange Contracts	2.65	4.18
Foreign Exchange Fluctuation	4.19	-
Assets Written off	0.43	1.80
Deferred Revenue Expenditure Written off	0.05	0.09
Bad Debts	0.27	1.00
Provision for Doubtful Debts	1.36	0.45
Travelling and Other Misc. Expenses	30.92	31.72
	<u>273.64</u>	<u>215.68</u>

29. Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) Rs. 668.29 Crore (Previous year Rs. 1,107.06 Crore) and export commitments against import of capital goods under EPCG scheme Rs. 364.81 Crore (Previous year Nil).

30. Contingent liabilities in respect of claims not acknowledged and not provided for, are as follows:

	Rs. in Crore (10 million)	
	31st March, 2012	31 st March, 2011
(a) Excise duty liability in respect of matters in appeal	9.83	9.62
(b) Sales tax liability in respect of matters in appeal	3.69	3.88
(c) Other Matters	27.78	11.75

In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.

31. The Company has entered into a Take or Pay agreement for the purpose of sourcing lime from JK Enviro-Tech Ltd. The Company has given an undertaking that on the happening of certain events, it will takeover Loan taken by JK Enviro-Tech Ltd. from IDFC Ltd. of the value of Rs. 40 Crore.
32. In respect of levy of Octroi pertaining to Unit Central Pulp Mills by Songadh Group Gram Panchayat, the Company had paid Rs. 1.25 Crore till 31st March, 1997 under protest and also created a liability for the similar amount. As the matter is still pending in the court of law, the necessary adjustment, if any, would be made after its disposal.
33. The Company has only one business segment i.e. Paper and Board and geographical reportable segment i.e. Operations within India, hence Segment Reporting as defined in Accounting Standard (AS – 17) is not required.
34. Land, Roads, Buildings and Pulp Mill Plant & Machinery of Unit - Central Pulp Mills were revalued as on 30.09.1976. The revaluation in respect of these assets (other than Land and Roads) were updated and Plant & Machinery of Paper Machine I & II and Railway Sidings were revalued as on 31.3.1994 based on current replacement cost by the approved valuers appointed for the purpose. As a result, the book value of such assets had been increased by Rs. 42.27 Crore, which had been transferred to Revaluation Reserve during the year ended 31.3.1994.
35. Loans and Advances includes loans of Rs. 23.48 Crore (previous year Rs. 23.48 Crore) to JK Paper Employees' Welfare Trust, a shareholder of the Company, {includes Long Term Loan Rs. 2.00 Crore (Previous year Rs. 2.00 Crore) and a concessional loan of Rs. 19.48 Crore (Previous year Rs. 19.48 Crore)} & to Body Corporate Rs. Nil (Previous year Rs. 0.50 Crore) and loan to employees Rs. 0.65 Crore (Previous year Rs. 0.80 Crore) in the ordinary course of business and as per service rules of the Company.
36. (a) Sales include export incentives of Rs. 2.76 Crore (Previous year Rs. 3.15 Crore).
 (b) Discount includes Trade Discount Rs. 53.46 Crore (Previous year Rs. 51.99 Crore).

37. Employee Defined Benefits:

(a) Defined Benefit Plans / Long Term Compensated Absences – As per Actuarial Valuation on Balance Sheet date:

Rs. in Crore (10 million)

Sr. No	Nature of Transactions	2011-12		2010-11		2009-10	
		Gratuity (Funded)	Long Term Compensated Absences (Non Funded)	Gratuity (Funded)	Long Term Compensated Absences (Non Funded)	Gratuity (Funded)	Long Term Compensated Absences (Non Funded)
I	Expenses recognized in the Statement of Profit and Loss						
1	Current Service Cost	2.33	0.97	1.55	0.98	1.41	0.86
2	Interest Cost	2.51	0.47	2.36	0.40	1.88	0.37
3	Expected return on plan assets	(2.43)	–	(2.38)	–	(2.01)	–
4	Actuarial (gains)/losses	(0.89)	(0.45)	0.60	0.70	3.52	0.09
5	Past Service Cost	–	–	0.16	–	0.17	–
6	Total Expense	1.52	0.99	2.29	2.08	4.97	1.32
II	Net Asset/(Liability) recognized in the Balance Sheet						
1	Present Value of Defined Benefit Obligation	32.86	5.15	31.49	5.58	29.81	4.81
2	Fair Value of plan assets	32.91	–	30.37	–	27.11	–
3	Funded status [Surplus/(Deficit)]	0.05	(5.15)	(1.12)	(5.58)	(2.70)	(4.81)
4	Net Asset/(Liability) recognized	0.05	(5.15)	(1.12)	(5.58)	(2.70)	(4.81)
III	Change in obligation during the period						
1	Present Value of Defined Benefit Obligation at the beginning of the period	31.49	5.58	29.81	4.81	24.09	4.22
2	Current Service Cost	2.33	0.97	1.55	0.98	1.41	0.86
3	Interest Cost	2.51	0.47	2.36	0.40	1.88	0.37
4	Actuarial (gains)/losses	(0.77)	(0.46)	0.17	0.71	4.80	0.09
5	Past Service Cost	–	–	0.16	–	0.17	–
6	Benefits Paid	(2.70)	(1.41)	(2.56)	(1.32)	(2.54)	(0.73)
7	Present Value of Defined Benefit Obligation at the end of the period	32.86	5.15	31.49	5.58	29.81	4.81
IV	Change in Assets during the period						
1	Fair Value of plan assets at the beginning of the period	30.37	–	27.11	–	17.71	–
2	Expected return on plan assets	2.43	–	2.38	–	2.01	–
3	Contribution by employer	2.70	–	3.87	–	8.65	–
4	Actual benefits paid	(2.70)	–	(2.56)	–	(2.53)	–
5	Actuarial gains/(losses)	0.11	–	(0.43)	–	1.27	–
6	Fair value of plan assets at the end of the period	32.91	–	30.37	–	27.11	–
7	Actual return on plan assets	2.54	–	1.95	–	3.28	–
V	The major categories of plan assets as % of total plan						
1	Mutual Funds	68%	–	78%	–	94%	–
VI	Actuarial Assumptions:						
1	Discount Rate	8.58%	8.58%	7.98%	7.98%	7.85%	7.85%
2	Expected rate of return on plan assets	8.60%	–	8.00%	–	8.00%	–
3	Mortality	LIC (1994–96) duly modified		LIC (1994–96) duly modified		LIC (1994–96) duly modified	
4	Turnover rate	Age upto 30–3%, upto 44–2%, above 44–1%		Age upto 30–3%, upto 44–2%, above 44–1%		Age upto 30–3%, upto 44–2%, above 44–1%	
5	Salary Escalation	5.50%		5.50%		5.50%	

- (b) Defined Benefit Plans –
 Gratuity Expense Rs. 1.52 Crore (Previous year Rs. 2.29 Crore) has been recognized in “Salaries,Wages, Bonus and Gratuity etc.” under Note 25.
 Amount recognized as an expense and included in Note 25 & Note 46 below, item “Contribution to Provident and Other Funds” Rs. 5.17 Crore (Previous year Rs. 4.87 Crore).
 Pending the issuance of Guidance Note from the Institute of Actuaries of India, the Company’s actuary has expressed his inability to reliably measure the provident fund liability.
- (c) Defined Contribution Plans –
 Amount recognized as an expense and included in Note 25 item “Contribution to Provident and Other Funds” Rs. 2.10 Crore (Previous year Rs. 2.05 Crore) for Superannuation Fund.
- (d) Other long-term benefits –
 Amount recognized as an expense and included in Note 25 item “Salaries,Wages, Bonus and Gratuity etc.” Rs. 0.99 Crore (Previous year Rs. 2.08 Crore) for Long Term Compensated Absences.
- (e) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risk of assets management, historical results on plan assets and the policy for plan assets management.
- (f) The estimates of future salary increase, considered in actuarial valuation, after taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
38. Interest Income includes Rs. 5.15 Crore (Previous year Rs 0.81 Crore) on Deposits with banks, Rs. 0.39 Crore (Previous year Rs. 0.14 Crore) on Income Tax refund and Rs. 11.67 Crore (Previous year Rs. 6.52 Crore) on others.
39. Capital Work in progress includes machinery, building under construction and the following pre-operative expenses pending allocation/capitalization.

	Rs. in Crore (10 million)	
	31st March, 2012	31 st March, 2011
Fees for Technical/ Professional Assistance	5.17	2.59
Salaries & Wages	5.86	1.57
Contribution to PF & Other Funds	0.16	0.08
Staff Welfare & Other benefits	0.05	0.04
Power Consumed	0.71	–
Insurance	0.79	–
Travelling Expenses	1.33	0.69
Miscellaneous & Other Expenses	2.17	0.20
Interest on Loan & FCCB's	27.18	0.14
Foreign Exchange Fluctuation (Net)	14.92	–
Other Borrowing Cost (Commitment charges, Management Fees, Advisory Fees, Processing Fees etc.)	21.78	3.56
Income on Deployment of Funds - Fixed Deposit	(10.29)	–
- Mutual Funds	(0.07)	–
Add: Expenditure up to previous year	8.87	–
Total	<u>78.63</u>	<u>8.87</u>

40. Future minimum lease payments under non-cancelable operating leases as on 31st March, 2012 are Rs. 0.10 Crore - Rs. 0.05 Crore within one year and Rs. 0.05 Crore later than one year but not later than five years (Previous year Rs. 0.18 Crore - Rs. 0.06 Crore within one year and Rs. 0.12 Crore later than one year but not later than five years).
41. Based on information so far available in respect of MSME (as defined in 'The Micro Small & Medium Enterprises Developments Act, 2006) there is no delay in payment of dues to such enterprises during the year and there is no such dues payable at the end of the period.
42. Consumption of Stores and Spares is net of scrap sale of Rs. 3.54 Crore (Previous year Rs. 4.38 Crore).
43. (a) In accordance with Announcement issued by the Institute of Chartered Accountants of India all outstanding derivatives except covered under AS 11 (revised 2003) are marked to market on Balance Sheet date and there is loss of Rs. 0.42 Crore (Previous year gain of Rs. 0.47 Crore -reversal of previously recognised MTM Losses) which has been recognized in Statement of Profit and Loss.
- (b) Forward contract outstanding for purpose of hedging as at Balance Sheet date:

Foreign Currency	31 st March, 2012		31 st March, 2011	
	FC in Million	Rs. in Crore	FC in Million	Rs. in Crore
(i) US Dollar*	10.56	54.02	11.56	51.62
(ii) Sterling Pound	-	-	(0.08)	(0.58)

*net of receivables US \$ 3.39 Million – Rs. 17.36 Crore (Previous year US \$ 1.13 Million – Rs. 5.02 Crore).

- (c) Nominal amounts of Currency and Interest Rate Swaps for hedging entered into by the Company and outstanding at end of the year is Rs. 227.02 Crore (Previous year Rs. 115.05 Crore).
- (d) Foreign currency exposure not hedged as at Balance Sheet date:

Foreign Currency	31 st March, 2012		31 st March, 2011	
	FC in Million	Rs. in Crore	FC in Million	Rs. in Crore
(i) US Dollar	21.88	111.92	0.71	3.18
(ii) Euro*	44.81	306.23	0.06	0.38
(iii) Sterling Pound*(Previous year FC 52 GBP, Rs. 3,753/-)	-	-	(0.00)	(0.00)

*Net of Receivables Euro 3,311.00 - Rs. 0.02 Crore (Previous year Euro 3,311.00 -Rs. 0.02 Crore) and Sterling Pound Nil – Rs. Nil (Previous year Sterling Pound 510.00 – Rs. 36,667/-).

44. Research and Development expenditure amounting to Rs. 1.31 Crore (Previous year Rs. 1.04 Crore) has been charged to Statement of Profit and Loss.
45. Amount Paid to Auditors (including service tax):

	Rs. in Crore (10 million)	
	2011-12	2010-11
(a) Statutory Auditors :		
Audit Fee	0.10	0.10
Tax Audit Fee	0.02	0.02
Other Services	0.13	0.19
Reimbursement of expenses	0.02	0.01
	<u>0.27</u>	<u>0.32</u>
(b) Cost Auditors :		
Cost Audit Fee	0.01	0.01
Reimbursement of expenses	0.00	0.00
(Current year Rs. 12,102/- & Previous year Rs. 10.368/-)	<u>0.01</u>	<u>0.01</u>

46. Expenses included under other heads of account:

	Rs. in Crore (10 million)	
	2011-12	2010-11
Salaries, Wages and Allowances etc.	11.63	9.12
Contribution to Provident and Other Funds	0.46	0.48
Employees' Welfare and Other benefits	0.84	0.65
Consumption of Stores and Spares	0.10	0.26
Power, Fuel and Water (Current year Rs. 16,149/- & Previous year 34,165/-)	0.00	0.00
Rent	0.12	0.08
Insurance	0.10	0.07
Rates and Taxes (Current year Rs. 33,067/-)	0.00	0.32
Royalty for Bamboo	1.58	2.49
Miscellaneous Expenses	5.33	5.05
	<u>20.16</u>	<u>18.52</u>

47. (a) Pursuant to the Accounting Standard for 'Taxes on Income' (AS 22), deferred tax liability () / asset at Balance Sheet date is:

	Rs. in Crore (10 million)	
	31 st March, 2012	31 st March, 2011
(i) Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax.	(132.45)	* (138.40)
(ii) Tax on Others	10.63	10.00
	<u>(121.82)</u>	<u>(128.40)</u>

* after giving effect to Deferred Tax Liabilities of Rs. 4.53 Crore pursuant to the Scheme.

- (b) Based on the past performance and current plans, the Company expects continue to generate taxable income which will enable it to utilise MAT credit entitlement.
- (c) During the previous year Company had recognized additional MAT credit entitlement of Rs. 0.31 Crore related to earlier year.

48. Disclosure as required under 'Related Party Disclosures' (AS 18) issued by The Institute of Chartered Accountants of India are as below:

(a) List of Related Parties

(i) Subsidiaries (Wholly Owned)

- Songadh Infrastructure & Housing Ltd
- Jaykaypur Infrastructure & Housing Ltd

(ii) Associate

- JK Enviro-Tech Ltd

(iii) Enterprise over which KMP's have significant influence

- Habras International Ltd

(iv) Key Management Personnel (KMP)

- | | | |
|-------------------------------|---|---------------------|
| - Shri Hari Shankar Singhania | - | Chairman |
| - Shri Harsh Pati Singhania | - | Managing Director |
| - Shri Om Prakash Goyal | - | Whole-time Director |

(b) The following transactions were carried out with related parties in the ordinary course of business:

Rs. in Crore (10 million)

Sl. No.	Nature of Transactions	Subsidiaries	
		2011-12	2010-11
(i)	Reimbursement of Expenses – Paid	–	4.14
(ii)	Reimbursement of Expenses – Received	–	0.01
(iii)	Sale of Assets	–	1.27
(iv)	Rent Paid	4.59	0.74
(v)	Redemption of Debenture	–	42.17
(vi)	Interest on Loan	3.81	0.05
(vii)	Loans given	–	42.50
(viii)	Loan installment received	0.20	–
(ix)	Outstanding at end of the period – Receivable	44.70	42.61

Rs. in Crore (10 million)

Sl. No.	Nature of Transactions	Associates	
		2011-12	2010-11
(i)	Reimbursement of Expenses – Received	4.54	2.61
(ii)	Purchase of Goods	25.19	34.71
(iii)	Reimbursement of Expenses – Paid	6.33	4.40
(iv)	Interest received	2.59	2.68
(v)	Sale of Goods	0.30	1.44
(vi)	Loans given	1.15	1.92
(vii)	Loan installment received	4.67	2.76
(viii)	Outstanding at end of the year – Receivable	29.22	26.15

Rs. in Crore (10 million)

Sl. No.	Nature of Transactions	Enterprise over which KMP's have significant influence	
		2011-12	2010-11
(i)	Sale of Goods	2.69	1.53
(ii)	Commission on Purchase	0.39	0.17
(iii)	Reimbursement of Expenses – Paid	0.01	–
(iv)	Outstanding at end of the period		
	– Receivable	–	0.38
	– Payable	0.11	–

Key Management Personnel (KMP):

The remuneration paid to Chairman Rs. 2.66 Crore (Previous year Rs. 5.73 Crore), Managing Director Rs. 2.66 Crore (Previous year Rs. 6.33 Crore) and Whole Time Director Rs. 1.43 Crore (Previous year Rs. 1.84 Crore). The remuneration paid to the Managerial Personnel by way of minimum remuneration, in terms of the appointment, exceeds the limit prescribed under Section 309(3) of the Companies Act 1956, by Rs. 1.30 Crore, this is subject to requisite approvals from the Central Government of India.

49. Earnings Per Share:

	Rs. in Crore (10 million)	
	31st March, 2012	31 st March, 2011
(a) Profit after tax	49.32	106.42
Less: Preference Dividend (including tax on Dividend)	0.01	0.02
Profit for Basic Earnings Per Share	49.31	106.40
Effect of Conversion Option:		
Add: Interest on Foreign Currency Convertible Bonds (Net of tax expense)	-	0.19
Premium on Foreign Currency Convertible Bonds (Net of tax expense)	-	5.19
Profit for Diluted Earnings Per Share	49.31	111.78
(b) Weighted Average No. of Ordinary Shares		
- Basic	11,18,58,449	7,81,49,939
- Effect of Conversion Option	3,04,62,515	22,55,443
- Diluted	14,23,20,964	8,04,05,382
(c) Nominal Value of Ordinary Share (Rs.)	10.00	10.00
(d) Earnings per Ordinary Share (Rs.)		
- Basic	4.41	13.62
- Diluted (previous year anti dilutive)	3.46	13.62

50. Other Particulars:

	2011-12	2010-11
(a) Earnings in Foreign Exchange:		
(i) Export of goods at FOB Value	43.61	42.25
(b) CIF Value of Imports :		
(i) Raw Materials	242.65	118.40
(ii) Stores and Spares	18.92	14.86
(iii) Capital Goods	282.10	12.65
(iv) Others – Paper	54.54	24.46
	598.21	170.37
(c) Expenditure in Foreign Currency (Previous year on remittance basis) on account of:		
(i) Interest payment in Rupee to Financial Institutions/Banks on foreign currency loans	4.90	11.66
(ii) Consultancy	0.55	3.50
(iii) Others	1.91	1.22
	7.36	16.38

	Rs. in Crore (10 million)	
	2011-12	2010-11
(d) Remittance in foreign currency during previous year on account of Final Dividend for the year 2009-10 and Interim and Final Dividend for the year 2010-11		
(i) Number of Non-resident Shareholders (No.)	1	1
(ii) Number of Equity Shares held by them (No.)	25,00,000	25,00,000
(iii) Amount of Dividend remitted	Nil	1.06

	2011-12		2010-11	
(e) Raw Materials, Stores and Spares consumed:	Rs. in Crore (10 million)	% of Total	Rs. in Crore (10 million)	% of Total
(i) Raw Materials				
- Imported	222.83	30.89	144.69	24.75
- Indigenous	498.57	69.11	440.00	75.25
	721.40	100.00	584.69	100.00
(ii) Stores and Spares:				
- Imported	6.17	20.84	5.85	21.50
- Indigenous	23.43	79.16	21.36	78.50
	# 29.60	100.00	# 27.21	100.00

includes Rs. 3.54 Crore Scrap Sales (Previous Year Rs. 4.38 Crore) and Rs. 0.10 Crore grouped under Note No. 46 in other heads of account (Previous Year Rs. 0.26 Crore).

51. (a) The Company has raised Rs. 245.58 Crore through Rights Issue of Equity Shares and Rs. 226.14 Crore (Euro 35 Million) by issue of unsecured & unlisted Foreign Currency Convertible Bonds (FCCBs). Out of the above, Rs. 298.27 Crore (including Rights Issue Rs. 148.27 Crore) have been deployed for the project. The balance Rs. 173.45 Crore have been invested in mutual fund and fixed deposits with Banks,
 (b) During the year, Share Issue Expenses of Rs. 2.80 Crore have been charged from Securities Premium Account in accordance with Section 78 of the Companies Act, 1956, as compared to earlier policy of charging to Statement of Profit and Loss.
52. Current year accounts have been prepared in accordance with the Revised Schedule-VI and previous year's figures have been re-grouped/re-classified accordingly.

As per our report of even date

For LODHA & CO.
Chartered Accountants

H.S. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

Chairman
Managing Director
Whole Time Director

N.K. LODHA
Partner

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
R.V. KANORIA
SHAILESH HARIBHAKTI

S.K. PATHAK
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 14th May, 2012

S.C. GUPTA
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

Rs. in Crore (10 Million)

	2011-12	2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax and Extra-ordinary Items	52.12	148.45
Adjustments for :		
Depreciation	72.94	71.62
Income from Investments	(4.90)	(0.02)
(Profit)/Loss on Sale of Assets (Net)	(0.45)	(0.37)
Dividend Income	(0.94)	(2.27)
Interest and Financial Charges (Net)	40.89	45.70
Assets Written off	0.43	1.80
Bad Debts	0.27	1.00
Provision for Doubtful Debts	1.36	0.45
Miscellaneous Expenditure Written off	0.05	0.09
Provision for earlier years no longer required	(0.08)	(0.48)
Operating Profit Before Working Capital Changes	161.69	265.97
Adjustments for Working Capital Changes:		
Trade and Other Receivables	(133.71)	(44.41)
Inventories	(36.66)	(0.63)
Trade and Other Payables	23.98	38.86
Cash generated from Operations	15.30	259.79
Taxes paid	(8.23)	(29.69)
Miscellaneous Expenditure	-	(0.76)
Net Cash from Operating Activities	7.07	229.34
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(630.05)	(124.16)
Sale of Fixed Assets	1.81	45.01
Sale/(Purchase) of Investments (Net)	14.72	(31.01)
Dividend Income	0.94	2.27
Interest Received	16.08	8.38
Net Cash from Investing Activities	(596.50)	(99.51)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

Rs. in Crore (10 Million)

	2011-12	2010-11
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Equity Share Capital	245.58	-
Redemption of Preference Share Capital including Premium	(5.52)	(5.57)
Share Issue Expenses	(2.80)	-
Proceeds from Long-term Borrowings	640.94	148.53
Repayment of Long-term Borrowings	(112.57)	(161.82)
Proceeds/(Repayment) from Short-term Borrowings (Net)	(8.11)	3.23
Interest and Financial Charges	(51.27)	(52.50)
Dividend (including Dividend Tax)	(0.03)	(38.67)
Net Cash from Financing Activities	706.22	(106.80)
D. Increase/(Decrease) in Cash and Cash Equivalents - Cash & Bank Balances	116.79	23.03
E. Cash and Cash Equivalents as at the beginning of the year		
- Cash & Bank Balances (Note No. 18)	30.90	7.87
F. Cash and Cash Equivalents as at the close of the year		
- Cash & Bank Balances (Note No. 18)	147.69	30.90

Note:

I. Previous year's figures have been re-grouped / re-arranged wherever necessary.

As per our report of even date

For and on behalf of the Board

For LODHA & CO.
Chartered Accountants

H.S. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

Chairman
Managing Director
Whole Time Director

N.K. LODHA
Partner

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
R.V. KANORIA
SHAILESH HARIBHAKTI

S.K. PATHAK
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 14th May, 2012

S.C. GUPTA
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Rs. in Crore (10 Million)

Sl No.	Name of the Subsidiary Company	Financial Year of the Subsidiaries ended on	Holding Company's Interest in Equity Capital	Net Aggregate of Profit or Losses of the Subsidiary Companies as far as it concern the members of the Holding Company @	
				Not Dealt with in the Holding Company's Account	
				For the Financial Year/ Period of the Subsidiary	For the Previous Financial Year since it became the Subsidiary
1	Jaykaypur Infrastructure & Housing Limited	31 st March, 2012	100%	(1.18)	(0.37)
2	Songadh Infrastructure & Housing Limited	31 st March, 2012	100%	(0.07)	(0.02)

@ Profit or Loss of none of the Subsidiary Companies has been dealt with in the Holding Company's account.

H.S. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

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S.K. PATHAK
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VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 14th May, 2012

S.C. GUPTA
Company Secretary

INFORMATION PERTAINING TO SUBSIDIARY COMPANIES U/S 212 (8) OF THE COMPANIES ACT, 1956

Rs. in Crore (10 Million)

Sl. No	Particulars	Jaykaypur Infrastructure & Housing Ltd.	Songadh Infrastructure & Housing Ltd.
1	Share Capital	4.95	4.95
2	Reserve & Surplus/ (Accumulated Losses)	(1.56)	(0.11)
3	Total Assets	39.05	14.58
4	Total Liabilities	39.05	14.58
5	Details of Investments (other than investment in Subsidiary Companies)	—	—
6	Total Turnover	3.02	1.57
7	Profit/ (Loss) before tax	(1.18)	0.01
8	Income Tax	—	0.08
9	Profit/ (Loss) after tax	(1.18)	(0.07)
10	Proposed Dividend	—	—

Note: The Ministry of Corporate Affairs, Government of India, New Delhi vide its General Circular No. 2/2011 dated 8th Feb. 2011, issued under Section 212 (8) of the Companies Act, 1956 has granted a general exemption from attaching the accounts of Subsidiary Companies. However, annual accounts of the Subsidiary Companies and the related detailed information shall be made available to the shareholders of the Holding and Subsidiary Companies seeking such information at any point of the time. The annual accounts of the Subsidiary Companies are also available for inspection by any shareholder at the Registered and Head Office of the Company and that of the Subsidiary Companies concerned.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF JK PAPER LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JK PAPER LIMITED, IT'S SUBSIDIARIES AND IT'S INTEREST IN ASSOCIATE

We have examined the attached Consolidated Balance Sheet of JK Paper Limited, its Subsidiaries and its interest in Associate as at 31st March, 2012, the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of all the Subsidiaries. The financial statement of the Subsidiary, namely, Songadh Infrastructure & Housing Limited reflects total assets of Rs. 14.58 Crore as at 31st March 2012 and total revenue of Rs. 1.58 Crore for the year then ended and Jaykaypur Infrastructure & Housing Limited reflects total assets of Rs. 39.05 Crore as at 31st March, 2012 and total revenue of Rs. 3.02 Crore for the year then ended. The financial statements of the Subsidiaries have been audited by other auditor, whose report have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the said Subsidiaries, is based solely on the report of other auditor.

We did not audit the financial statements of Associate, namely, JK Enviro-Tech Limited whose audited financial statements reflects total assets of Rs. 70.98 Crore as at 31st March, 2012 and total revenue of Rs. 30.49 Crore for the year then ended.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" and AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" Issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of JK PAPER LTD, its Subsidiaries and its interest in Associate included in the Consolidated Financial Statements.

On the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its Subsidiary and its interest in Associate included in the Consolidated Financial Statements, we are of the opinion that the said Consolidated Financial Statements read together with Notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India;

- (i) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company, its Subsidiaries and its interests in Associate as at 31st March 2012;
- (ii) In the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Company, its Subsidiaries and its interests in Associate for the period then ended, and
- (iii) In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Company, its Subsidiaries and its interest in Associates for the period then ended.

For LODHA & CO.
Chartered Accountants

N.K. LODHA
Partner
Firm Registration No.:- 301051E
Membership No.: -85155

Place: New Delhi
Date: 14th May, 2012

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2012

Rs. in Crore (10 Million)

	Note	31 st March, 2012	31 st March, 2011
EQUITY AND LIABILITIES:			
Shareholders' Funds			
Share Capital	1	136.65	78.24
Reserves and Surplus	2	714.36	511.01
		<u>851.01</u>	<u>589.25</u>
Non Current Liabilities			
Long Term Borrowings	3	845.56	291.36
Deferred Tax Liabilities (Net)		121.82	128.40
Other Long Term Liabilities	4	22.88	19.68
Long Term Provisions	5	2.79	3.09
		<u>993.05</u>	<u>442.53</u>
Current Liabilities			
Short Term Borrowings	6	130.63	138.73
Trade Payables		142.98	116.20
Other Current Liabilities	7	239.36	171.13
Short Term Provisions	8	26.13	3.61
		<u>539.10</u>	<u>429.67</u>
	TOTAL	<u>2,383.16</u>	<u>1,461.45</u>
ASSETS:			
Non Current Assets			
Fixed Assets:			
Tangible Assets	9	857.72	894.66
Intangible Assets	10	0.38	0.98
Capital work-in-progress		585.63	25.07
		<u>1,443.73</u>	<u>920.71</u>
Non Current Investment	11	3.98	3.52
Long Term Loans and Advances	12	229.02	123.87
Other Non Current Assets	13	47.75	1.75
		<u>1,724.48</u>	<u>1,049.85</u>
Current Assets			
Current Investments	14	60.31	70.12
Inventories	15	164.19	127.53
Trade Receivables	16	144.16	107.87
Cash and Bank Balances	17	147.82	31.10
Short Term Loans and Advances	18	133.52	73.59
Other Current Assets	19	8.68	1.39
		<u>658.68</u>	<u>411.60</u>
	TOTAL	<u>2,383.16</u>	<u>1,461.45</u>

The accompanying Notes are an integral part of the Financial Statements
As per our report of even date

For LODHA & CO.
Chartered Accountants

H.S. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

For and on behalf of the Board
Chairman
Managing Director
Whole Time Director

N.K. LODHA
Partner

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
R.V. KANORIA
SHAILESH HARIBHAKTI

S.K. PATHAK
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 14th May, 2012

S.C. GUPTA
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2012

Rs. in Crore (10 Million)

	Note	2011-12	2010-11
REVENUE:			
Sale of Product - Paper and Board		1,557.10	1,432.97
Less: Discounts		161.79	152.59
		<u>1,395.31</u>	<u>1,280.38</u>
Less: Excise Duty		67.05	49.66
Net Sales		<u>1,328.26</u>	<u>1,230.72</u>
Other Operating Revenue	20	1.80	2.07
Revenue from Operation		<u>1,330.06</u>	<u>1,232.79</u>
Other Income	21	19.69	12.70
Total Revenue		<u>1,349.75</u>	<u>1,245.49</u>
EXPENSES :			
Cost of Materials Consumed	22	721.40	584.69
Purchases of Stock-in-Trade		72.20	33.35
Changes in Inventories of Finished Goods & WIP	23	(16.13)	10.37
Employee Benefits Expense	24	126.20	130.01
Finance Costs	25	51.47	51.37
Depreciation and Amortization Expenses	26	73.74	72.36
Other Expenses	27	269.92	215.14
Total Expenses		<u>1,298.80</u>	<u>1,097.29</u>
Profit Before Tax		50.95	148.20
Tax Expense:			
Current Tax (MAT)		10.68	43.81
MAT Credit Entitlement		(1.22)	-
Deferred Tax Credit		(6.58)	(1.63)
Profit After Tax		<u>48.07</u>	<u>106.02</u>
Share in Profit of Associate		0.45	0.49
Net Profit After Taxes and Share of Profit of Associate		<u>48.52</u>	<u>106.51</u>
Earning per Equity Share (Rs.)			
Basic		4.34	13.63
Diluted		3.41	13.63

The accompanying Notes are an integral part of the Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For and on behalf of the Board

For LODHA & CO.
Chartered Accountants

H.S. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

Chairman
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Whole Time Director

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S.K. PATHAK
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 14th May, 2012

S.C. GUPTA
Company Secretary

Rs. in Crore (10 Million)

31st March, 2012

31st March, 2011

Note I

SHARE CAPITAL

Authorised:

Equity Shares - 20,00,00,000 (Previous year - 20,00,00,000) of Rs.10 each	200.00	200.00
Redeemable Preference Shares - 3,00,00,000 (Previous year - 3,00,00,000) of Rs 100 each	300.00	300.00
	<u>500.00</u>	<u>500.00</u>

Issued, Subscribed and Paid-up:

Equity Shares - 13,66,20,625 (Previous year 7,81,49,939) of Rs. 10 each fully paid up	136.62	78.15
10% Cumulative Redeemable Preference Shares - 3,000 (Previous year 9,000) of Rs.100 each fully paid-up	0.03	0.09
	<u>136.65</u>	<u>78.24</u>

Notes:

- (a) (i) Reconciliation of Equity Share Capital (In numbers)
- | | | |
|---|----------------------------|--------------------|
| Shares outstanding at the beginning of the year | 7,81,49,939 | 7,81,49,939 |
| Add: Shares issued during the year | 5,84,70,686 | - |
| Less: Shares bought back during the year | - | - |
| Shares outstanding at the end of the year | <u>13,66,20,625</u> | <u>7,81,49,939</u> |
- (ii) Reconciliation of Preference Share Capital (In numbers)
- | | | |
|---|---------------------|--------------|
| Shares outstanding at the beginning of the year | 9,000 | 20,000 |
| Add: Shares issued during the year | - | - |
| Less: Shares redeemed during the year | 6,000 | 11,000 |
| Shares outstanding at the end of the year | <u>3,000</u> | <u>9,000</u> |
- (b) (i) Equity Shares:
The equity shareholders have:-
- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing general meeting.
 - The Company has only one class of Equity Shares having face value of Rs. 10/- each and each shareholder is entitled to one vote per share.
 - In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their individual shareholding in the paid up equity capital of the Company.
- (ii) Preference Shares:-
The cumulative redeemable preference shareholders have:-
- The right to receive a fixed cumulative preferential dividend at specified rate on the paid up capital.
 - The right to receive arrears of cumulative dividend, if any, whether earned or declared or not, at time of redemption of the said shares, and,
 - The right in a winding up to have the capital paid up on such shares and the arrears, if any, of the said preferential dividend, whether earned or declared or not, be paid off in priority to any payment of capital on equity shares. However, it shall not confer the right to any further participation in the profits or assets of the Company.

–The right to vote, in respect of such capital, in proportion as paid up preference share capital bears to the total paid up equity capital only on resolutions directly affecting their rights and on every resolution on non-payment of dividend for an aggregate period of not less than two years.

Terms of Redemption: The Company has redeemed 10% Cumulative Redeemable Preference Shares (Series F) of Rs. 0.06 Crore on 30th June, 2011 along with premium on redemption of Rs. 5.46 Crore. Further 10% Cumulative Redeemable Preference Shares (Series G) of Rs 0.03 Crore are redeemable on 30th June, 2012 along with Premium on redemption of Rs. 5.46 Crore.

(c) (i) List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers)

	31st March, 2012	31 st March, 2011
Bengal & Assam Company Limited	2,83,01,332	1,43,44,407
Fenner (India) Limited	2,54,57,500	76,90,000
JK Paper Employees Welfare Trust	1,37,25,362	1,04,14,493
JK Agri Genetics Limited	1,16,81,684	66,75,248
International Finance Corporation	76,90,000	76,90,000

(ii) List of shareholders holding more than 5% of the Preference Share Capital of the Company (In numbers)

JK Paper Employees Welfare Trust	1,832	5,496
Bengal & Assam Company Limited	444	1,332
IFCI Limited	278	834
Life Insurance Corporation of India	222	666
State Bank of India	160	481

Note 2

Rs. in Crore (10 Million)

RESERVES AND SURPLUS

Capital Reserve

Balance at the beginning of the year	29.92	–
Addition during the year	–	29.92
Closing balance	29.92	29.92

Capital Redemption Reserve

Balance at the beginning of the year	2.91	2.80
Addition during the year	0.06	0.11
Closing balance	2.97	2.91

Securities Premium Reserve

Balance at the beginning of the year	181.69	187.15
Addition during the year (a)	187.11	–
Transfer/Adjustments during the year (b)	(8.26)	(5.46)
Closing balance	360.54	181.69

Rs. in Crore (10 Million)

31st March, 2012

31st March, 2011

Debenture Redemption Reserve

Balance at the beginning of the year	-	-
Addition during the year	0.66	22.94
Written back during the year	-	(22.94)
Closing balance	<u>0.66</u>	<u>-</u>

Revaluation Reserve

Balance at the beginning of the year	3.78	5.41
Transfer during the year (c)	<u>(0.19)</u>	<u>(1.63)</u>
Closing balance	<u>3.59</u>	<u>3.78</u>

General Reserve

Balance at the beginning of the year	43.07	27.54
Addition during the year (d)	<u>2.50</u>	<u>15.53</u>
Closing balance	<u>45.57</u>	<u>43.07</u>

Surplus in Statement of Profit and Loss

Balance at the beginning of the year	249.64	174.76
Net Profit for the Current year	<u>48.52</u>	<u>106.51</u>
Amount available for appropriation	<u>298.16</u>	<u>281.27</u>

Appropriation:

Debenture Redemption Reserve	(0.66)	22.94
Debenture Redemption Reserve written back	-	(22.94)
Transfer to Capital Redemption Reserve	(0.06)	(0.11)
Transfer to General Reserve	(2.50)	(11.00)
Dividend (e)	(20.50)	(17.60)
Corporate Dividend Tax	(3.33)	(2.92)
Closing balance	<u>271.11</u>	<u>249.64</u>
Total	<u>714.36</u>	<u>511.01</u>

Notes :

- (a) During the year 5,84,70,686 Equity Shares have been issued at a premium of Rs. 32/- per share.
- (b) (i) Adjusted Premium on Redemption of Preference Shares Rs. 5.46 Crore (Previous year Rs. 5.46 Crore).
(ii) Share issue expenses on account of Rights Issue Rs. 2.80 Crore (Previous year Nil).
- (c) (i) Rs. 0.19 Crore to Statement of Profit and Loss towards Additional Depreciation arising out of revaluation of Fixed Assets (Previous year Rs. 0.21 Crore).
(ii) Pursuant to the Scheme of Arrangement, Current year Rs. Nil (Previous year Rs. 1.42 Crore).
- (d) (i) Transfer from Surplus in Statement of Profit and Loss - Current year Rs. 2.50 Crore (Previous year Rs. 11.00 Crore).
(ii) Pursuant to the Scheme of Arrangement towards adjustment of Deferred Tax Liability Current year Rs. Nil (Previous year Rs. 4.53 Crore).
- (e) Dividend proposed @ Rs. 1.50/- per Equity Share and @ Rs. 10/- per Preference Share.

Rs. in Crore (10 Million)

31st March, 201231st March, 2011**Note 3****LONG TERM BORROWINGS****SECURED**

Term Loans

– From Banks	627.33	293.90
– From Financial Institutions	73.63	78.62

UNSECURED

Foreign Currency Term Loans from Bank	2.43	3.18
Foreign Currency Convertible Bonds (FCCB's)	239.19	–
Public Deposits	20.34	23.92
	<u>962.92</u>	<u>399.62</u>
Less: Current maturities of Long Term Borrowings		
Term Loans from Banks (Secured)	78.01	87.27
Term Loans from Financial Institutions (Secured)	27.56	13.74
Foreign Currency Term Loans from Banks (Unsecured)	1.22	1.06
Public Deposits (Unsecured)	10.57	6.19
	<u>117.36</u>	<u>108.26</u>
Total	<u>845.56</u>	<u>291.36</u>

Notes:

- (a) Term Loans of Rs. 307.43 Crore (FIs – Rs 73.63 Crore and Banks Rs. 233.80 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets of the Company. Out of the above Term Loan Rs. 107.65 Crore (FIs - Rs. 70.25 Crore and Banks Rs. 37.40 Crore) are further secured by second charge on the current assets of the Company. These Term Loans are/shall be repayable as under :-
- (i) Term Loans aggregating to Rs. 22.46 Crore are repayable in 3 equal annual instalments from June-2012 to June-2014,
 - (ii) Term Loan of Rs. 37.86 Crore is repayable in 9 half-yearly instalments from June-2012 to June-2016,
 - (iii) Term Loans aggregating to Rs. 89.06 Crore are repayable in total 28 equal half-yearly instalments from June-2012 to June-2018,
 - (iv) Term Loans aggregating to Rs. 130.17 Crore are repayable in total 51 equal quarterly instalments from April-2012 to March-2018,
 - (v) Term Loans aggregating to Rs. 4.48 Crore are repayable in June 2012,
 - (vi) Term Loan of Rs. 23.40 Crore is repayable in 26 equal monthly instalments from April-2012 to May-2014,
- (b) Terms Loans of Rs. 393.53 Crore (FIs – Rs Nil, Banks Rs. 393.53 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets both present and future of Unit JKPM of the Company. These Term Loans are/shall be repayable as under:-
- (i) Term Loans aggregating to Rs. 95.00 Crore are repayable in total 25 equal quarterly instalments from September-2014 to December-2020
 - (ii) Term Loans aggregating to Rs. 298.53 Crore are repayable in total 50 equal half-yearly instalments from March-2013 to March-2023
- (c) Certain charges have been created against which loan disbursement partially/yet to be availed.
- (d) Certain charges are in the process of satisfaction.
- (e) Secured Terms Loans from Financial Institutions and Banks include Rs. 403.57 Crore foreign currency loans.
- (f) Un-secured Term Loan from Bank of Rs. 2.43 Crore is repayable in 4 equal half yearly instalments from Apr-2012
- (g) FCCB's of EURO 35 Million @ 6.455% issued on 30th May, 2011 are convertible into equity shares of the Company at an initial conversion price of Rs. 65 per share, subject to price adjustment as per agreement, after 3 years and 6 months from the date of issue. If not converted then the FCCBs will be redeemed at par between 15th May 2016 to 15th May 2018 in 5 half yearly instalments.
- (h) Public Deposits are due for repayment in 2012-13, 2013-14 & 2014-15.

Rs. in Crore (10 Million)

31st March, 2012

31st March, 2011

Note 4

OTHER LONG TERM LIABILITIES

Trade Deposits	22.73	19.48
Interest accrued but not due on Public Deposits	0.15	0.20
	<u>22.88</u>	<u>19.68</u>

Note 5

LONG TERM PROVISIONS

Provision for Employee Benefits	2.79	3.09
	<u>2.79</u>	<u>3.09</u>

Note 6

SHORT TERM BORROWINGS

SECURED

Working Capital Borrowings from Bank	106.35	39.88
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UNSECURED

Short Term Loans from Banks	–	75.00
Buyer's Credit facilities from Bank	23.37	18.94
Public Deposits	0.91	4.91
	<u>130.63</u>	<u>138.73</u>

Note:

Working Capital Borrowings are secured by hypothecation of Stores, Raw Materials, Finished Goods, Stock-in-Process and Book Debts. The same are further secured by a second charge on the movable and immovable assets of the Company.

Note 7

OTHER CURRENT LIABILITIES

Current maturities of Long Term Borrowings	117.36	108.26
Interest accrued but not due on Borrowings	13.26	6.39
Unclaimed Dividends #	0.24	0.26
Unclaimed Matured Deposits #	0.70	0.63
Unclaimed interest on Unclaimed Matured Deposits #	0.08	0.07
Advance from Customers	4.70	3.36
Statutory Dues	10.80	7.65
Derivative Financial Instruments	–	0.97
Capital Creditors	57.47	1.33
Other Payables	34.75	42.21
	<u>239.36</u>	<u>171.13</u>

Investor Education and Protection Fund will be credited as & when due.

Note 8

SHORT TERM PROVISIONS

Provision for Employee Benefits	2.31	3.61
Proposed Dividend	20.50	–
Tax on Proposed Dividend	3.32	–
	<u>26.13</u>	<u>3.61</u>

Note 9**TANGIBLE ASSETS**

Rs. in Crore (10 Million)

Description	GROSS BLOCK (b)				DEPRECIATION			NET BLOCK	
	As at 1 st April, 2011	Additions/ Adjustments	Sales/ Adjustments	As at 31 st March, 2012	Upto 31 st March, 2011	For the Year	On Sales/ Adjustments	As at 31 st March, 2012	As at 31 st March, 2011
Land - Freehold (a)	10.07	1.81	-	11.88	-	-	-	11.88	10.07
- Leasehold	12.18	-	-	12.18	0.37	0.17	-	11.64	11.81
Building	154.58	1.38	-	155.96	35.68	3.93	-	39.61	118.90
Plant & Equipment (c)	1,283.67	29.70	2.88	1,310.49	550.69	66.43	2.45	614.67	732.98
Furniture and Fixture	4.86	0.30	0.10	5.06	2.07	0.28	0.05	2.30	2.79
Office Equipment	11.32	1.15	0.30	12.17	5.80	0.95	0.24	6.51	5.52
Vehicles & Locomotive	14.40	3.86	2.02	16.24	4.21	1.35	0.75	4.81	10.19
Railway Siding	4.64	-	-	4.64	2.24	0.22	-	2.46	2.40
Total	1,495.72	38.20	5.30	1,528.62	601.06	73.33	3.49	670.90	894.66
Previous year	1,416.41	87.69	8.38	1,495.72	539.33	71.05	9.32	601.06	894.66

Notes:

- (a) Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees and cost of 34.72 acres land for which title is yet to be transferred in name of the Company.
- (b) Gross Block includes amount of revaluation (Note no. 32).
- (c) During the period Rs. 0.70 Crore (Previous year Rs. 1.50 Crore) has been added to the Plant & Equipments due to Foreign Exchange Fluctuation (Net).

Note 10**INTANGIBLE ASSETS**

Rs. in Crore (10 Million)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1 st April, 2011	Additions/ Adjustments	Sales/ Adjustments	As at 31 st March, 2012	Upto 31 st March, 2011	For the Year	On Sales/ Adjustments	As at 31 st March, 2012	As at 31 st March, 2011
Computer Software	7.51	-	-	7.51	6.53	0.60	-	7.13	0.98
Performance Improvement & Development	4.87	-	4.87	-	4.87	-	4.87	-	-
Total	12.38	-	4.87	7.51	11.40	0.60	4.87	7.13	0.98
Previous year	12.38	-	-	12.38	9.88	1.52	-	11.40	0.98

Note:

Intangible Assets are being depreciated @ 20% p.a. on Straight Line Method.

Rs. in Crore (10 Million)

Note 11

NON CURRENT INVESTMENTS

Long Term Investments (At cost, other than trade)

– Quoted Equity Shares (fully paid up)

	Face Value Rs./Share	31 st March, 2012 Nos.	Book Value	31 st March, 2011 Nos.	Book Value
JK Lakshmi Cement Ltd.	5/-	2,16,000	0.52	2,16,000	0.52
Udaipur Cement Works Ltd. (formerly JK Udaipur Udyog Ltd.)	10/-	50,00,000	5.00	50,00,000	5.00
Bengal & Assam Company Ltd.	10/-	4,677	0.06	4,677	0.06

– Unquoted Equity Shares (fully paid up)

JK Enviro-Tech Ltd (Associate) #	10/-	17,00,000	2.93	17,00,000	2.47
JK Paper Mills Employees' Co-operative Stores Ltd.	10/-	250	*0.00	250	*0.00

Investment in Government Securities (Deposited
with Govt. Departments)

†0.00

†0.00

8.51

8.05

4.53

4.53

3.98

3.52

Less: Provision for diminution in value of Investments

Aggregate book value of quoted investments

1.05

1.05

Aggregate book value of unquoted investments

2.93

2.47

Aggregate market value of quoted investments

1.98

1.69

Equity Shares pledged with Infrastructure Development Finance Company Limited for a Loan availed by JK Enviro-Tech Limited.

*Rs. 2,500/-

†Rs. 3,000/-

Note 12

LONG TERM LOANS AND ADVANCES

(Unsecured, Considered good)

Capital Advances	174.83	69.34
Deposits with Government Authorities and Others	10.93	8.97
Loans and advances to related parties :		
JK Enviro-Tech Limited (Associate)	19.36	22.88
Other Loans & Advances :		
MAT credit entitlement	21.90	20.68
Others	2.00	2.00
	<u>229.02</u>	<u>123.87</u>

Note 13

OTHER NON CURRENT ASSETS

Others

Un-amortised Upfront Fee, Syndication Fee etc.	0.13	0.18
Un-amortised ECA Premium on Loan	31.44	–
Derivative Financial Instruments	16.18	1.57
	<u>47.75</u>	<u>1.75</u>

Note 14	31st March, 2012		Rs. in Crore (10 Million)	
	Nos.	Book Value	Nos.	Book Value
CURRENT INVESTMENTS				
Investments in Mutual Funds				
(Lower of Cost and quoted/fair value)				
Baroda Pioneer Treasury Advantage–Institutional Growth Plan	2,07,644	25.00	–	–
BSL Floating Rate Fund–Long Term–Institutional–Growth Plan	16,19,703	20.31	–	–
IDFC Ultra Short Term Fund Growth Plan	67,48,003	10.00	–	–
Taurus Fixed Maturity Plan 91 Days Series N–Growth Plan	50,00,000	5.00	–	–
SBI-Premier Liquid Fund–Super Institutional–Daily Dividend Plan	–	–	6,98,96,708	70.12
		<u>60.31</u>		<u>70.12</u>
Aggregate book value of quoted investments		60.31		70.12
Aggregate book value of unquoted investments		–		–
Aggregate market value of quoted investments		60.81		70.12

Note 15

INVENTORIES

(As certified by the Management)

Raw Materials #	83.91	66.47
Work-in-Progress \$	14.51	8.91
Finished Goods	14.13	7.50
Stock in Trade	12.38	8.02
Stores and Spares #	39.26	36.63
	<u>164.19</u>	<u>127.53</u>

Includes Raw Materials in transit Rs. 0.69 Crore (Previous year Rs. 0.02 Crore) and Stores and Spares in transit Rs. 0.26 Crore (Previous year Rs. 0.06 Crore).

\$ Includes Pulp in process Rs. 2.87 Crore (Previous year Rs. 1.61 Crore) and Semi Finished Goods Rs. 11.64 Crore (Previous year Rs. 7.30 Crore).

Note 16

TRADE RECEIVABLES

UNSECURED

Exceeding six months (from due date)

Considered Good	18.39	19.25
Considered Doubtful	11.89	10.52
Others		
Considered Good	125.77	88.62
	<u>156.05</u>	<u>118.39</u>
Less: Provision for Doubtful Debts	11.89	10.52
	<u>144.16</u>	<u>107.87</u>

Rs. in Crore (10 Million)

31st March, 2012

31st March, 2011

Note 17

CASH & BANK BALANCES

Cash & Cash Equivalents

Balance with Banks:

Current Accounts	8.14	7.38
Savings Bank Accounts (Employees Security Deposit)	0.01	0.01
Bank Deposits with original maturity of 3 months or less	135.00	20.00
Cheques/Drafts on hand	0.11	0.14
Cash on Hand	0.28	0.29

Earmarked Balances with Banks

Unclaimed Dividend Accounts	0.24	0.26
Fixed Deposit towards Public Deposit	2.25	2.25

Other Bank Balances

Held as margin money in Fixed Deposits	1.79	0.77
	147.82	31.10

Note 18

SHORT TERM LOAN AND ADVANCES

(Unsecured, Considered Good)

Loans and advances to related parties

JK Enviro-Tech Limited (Associate)	9.86	3.27
------------------------------------	------	------

Others

Advances recoverable in cash or in kind or for value to be received	37.27	33.08
Interest accrued but not due	2.10	0.97
Advances to Employees	2.34	2.19
Advances to Suppliers	47.74	19.13
CENVAT Recoverable	28.13	8.17
Advance Income Tax/ Tax deducted at source (Net of Provision)	0.59	2.64
Other Deposits	5.49	4.14

Doubtful

Doubtful advances / loans	0.49	0.49
Less : Provision for doubtful advances / loans	0.49	0.49
	133.52	73.59

Note 19

OTHER CURRENT ASSETS

Others

Rights Issue Expenses	-	0.76
Un-amortised ECA Premium	3.49	-
Derivative Financial Instruments	4.95	-
Deferred Premium on Forwards	0.24	0.63
	8.68	1.39

	2011-12	2010-11
Rs. in Crore (10 Million)		
Note 20		
OTHER OPERATING REVENUE		
Insurance charges recovered	1.09	1.30
Provisions of earlier years no longer required	0.08	0.48
Miscellaneous Income	0.63	0.29
	<u>1.80</u>	<u>2.07</u>
Note 21		
OTHER INCOME		
Interest Income	13.41	7.42
Dividend Income	0.94	2.27
Profit on sale of Fixed Assets	0.44	0.37
Net Gain on sale of Current Investments	4.90	0.02
Non-operating Income		
– Foreign Exchange Fluctuation	–	2.38
– Other	–	0.24
	<u>19.69</u>	<u>12.70</u>
Note 22		
COST OF MATERIALS CONSUMED		
Bamboo	36.44	45.83
Hardwood	185.60	149.49
Pulp	213.37	138.95
Chemicals	234.63	209.06
Packing Material	51.36	41.36
	<u>721.40</u>	<u>584.69</u>
Note 23		
CHANGES IN FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE		
OPENING STOCK		
Finished Goods	7.50	9.73
Stock-in-Trade	8.02	13.91
Stock-in-Process	8.91	11.25
	<u>24.43</u>	<u>34.89</u>
CLOSING STOCK		
Finished Goods	14.13	7.50
Stock-in-Trade	12.38	8.02
Stock-in-Process	14.51	8.91
	<u>41.02</u>	<u>24.43</u>
Add : Excise Duty on Variation of Stock	0.46	(0.09)
(Increase) / Decrease in Stock	<u>(16.13)</u>	<u>10.37</u>
Note 24		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Allowances, etc.	101.71	105.77
Contribution to Provident and Other Funds	8.34	8.73
Staff Welfare Expenses	16.15	15.51
	<u>126.20</u>	<u>130.01</u>

Rs. in Crore (10 Million)

2011-12 2010-11

Note 25
FINANCE COSTS

Interest on :		
Term Loan and Public Deposits	35.09	34.59
Others	12.54	5.56
Other Borrowing Costs:		
Financial Charges	1.51	2.17
Redemption Premium on FCCBs	-	7.77
Premium on Forward Exchange Contracts	0.48	0.58
Lease rent on Machinery	0.06	0.15
Net Loss on foreign currency transactions and translation	1.79	0.55
	<u>51.47</u>	<u>51.37</u>

Note 26
DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on Tangible Assets	73.33	71.05
Transfer from Revaluation Reserve	(0.19)	(0.21)
Amortisation of Intangible Assets	0.60	1.52
	<u>73.74</u>	<u>72.36</u>

Note 27
OTHER EXPENSES

Consumption of Stores and Spares	25.96	22.57
Power, Fuel and Water	186.62	136.08
Repairs to Building	5.28	5.93
Repairs to Machinery	5.88	4.86
Rent (Net)	1.29	1.26
Insurance Premium	1.31	1.28
Rates and Taxes	0.41	1.15
Commission on sales	2.81	1.90
Directors' fees	0.05	0.05
Directors' Commission	0.41	0.62
Premium on Forward Exchange Contracts	2.65	4.18
Foreign Exchange Fluctuation	4.19	-
Assets Written off	0.43	1.80
Deferred Revenue Expenditure Written off	0.05	0.09
Bad Debts	0.27	1.00
Provision for Doubtful Debts	1.36	0.45
Travelling and Other Misc. Expenses	30.95	31.92
	<u>269.92</u>	<u>215.14</u>

28. Principles of Consolidation:

- (a) The Consolidated Financial Statements comprise of the financial statements of JK Paper Limited (Parent Company) and the following as on 31st March, 2012;

(i) Subsidiaries:

Name	Proportion of ownership interest	Financial Statements as on	Status
Jaykaypur Infrastructure & Housing Limited, India	100%	31 st March, 2012	Audited
Songadh Infrastructure & Housing Limited, India	100%	31 st March, 2012	Audited

(ii) Associate:

Name	Proportion of ownership interest	Financial Statements as on	Status
JK Enviro-Tech Limited, India	34.34%	31 st March, 2012	Audited

- (b) The Financial Statements of the Parent Company and its Subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions.
- (c) In case of Associate, where Company holds directly or indirectly 20% or more equity and / or exercises significant influence, Investments are accounted for by using Equity Method in accordance with Accounting Standard (AS-23) – “Accounting for Investments in Associate in Consolidated Financial Statements”.
- (d) The Accounting Policies of the Parent Company, its Subsidiaries and Associate are largely similar, hence not be re-produced.
- (e) Significant Accounting Policies and Notes on Accounts of the Financial Statements of the Company and its Subsidiaries are stated in their respective Financial Statements.
29. Estimated amount of contracts remaining to be executed on capital account (Net of Advances) Rs. 668.29 Crore (Previous year Rs. 1,107.06 Crore) and Export commitments against import of capital goods under EPCG scheme Rs. 364.81 Crore (Previous year Nil).

30. Contingent liabilities in respect of claims not acknowledged and not provided for, are as follows:

Rs. in Crore (10 Million)

	31 st March, 2012	31 st March, 2011
(a) Excise duty liability in respect of matters in appeal	9.83	9.62
(b) Sales tax liability in respect of matters in appeal	3.69	3.88
(c) Other Matters	27.78	11.75

In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustment, if any, will be made after the same are finally determined.

31. Segment Reporting

The Company has identified business segment as the primary segment, after considering all the relevant factors. The Company's manufactured products are sold primarily within India hence there is no reportable geographical segment.

The Company's operation predominantly relates to manufacture of Paper and Board. Other Business Segment comprise activities for providing housing facilities to the employees engaged in Paper and Board manufacturing business of JK Paper Ltd. These operations are insignificant in the context of total turnover, hence same has been classified as “Others”.

Rs. in Crore (10 Million)

Sl. No	Particulars	For the year ended 31 st March, 2012			For the year ended 31 st March, 2011		
		Paper & Board	Others	Total	Paper & Board	Others	Total
A	SEGMENT REVENUE						
	Net Sales	1,330.06	-	1,330.06	1,232.79	-	1,232.79
	Less: Inter-segment Revenue	-	-	-	-	-	-
	Net Sales/Income from Operations	1,330.06	-	1,330.06	1,232.79	-	1,232.79
B	SEGMENT RESULTS						
	Segment Result (PBIT)	84.46	(1.73)	82.73	187.81	(0.94)	186.87
	Less: (i) Finance Costs (Net)	51.25	0.22	51.47	51.37	-	51.37
	(ii) Other Un-allocable expenses net off Un-allocable income	(19.69)	-	(19.69)	(12.70)	-	(12.70)
	Total Profit/(Loss) before Tax (PBT)	52.90	(1.95)	50.95	149.14	(0.94)	148.20
C	CAPITAL EMPLOYED (Segment Assets-Segment Liabilities)	1,087.61	6.21	1,093.82	1,048.09	8.75	1,056.84

32. Land, Roads, Buildings and Pulp Mill Plant & Machinery of Unit - Central Pulp Mills were revalued as on 30.09.1976. The revaluation in respect of these assets (other than Land and Roads) were updated and Plant & Machinery of Paper Machine I & II and Railway Sidings were revalued as on 31.3.1994 based on current replacement cost by the approved valuers appointed for the purpose. As a result, the book value of such assets had been increased by Rs. 42.27 Crore, which had been transferred to Revaluation Reserve during the year ended 31.3.1994.
33. Loans and Advances includes loans of Rs. 23.48 Crore (previous year Rs. 23.48 Crore) to JK Paper Employees' Welfare Trust, a shareholder of the Company, {includes Long Term Loan Rs. 2.00 Crore (Previous year Rs. 2.00 Crore) and a concessional loan of Rs. 19.48 Crore (Previous year Rs. 19.48 Crore)} & to Body Corporate Rs. Nil (Previous year Rs. 0.50 Crore) and loan to employees of Rs. 0.65 Crore (Previous year Rs. 0.80 Crore) in the ordinary course of business and as per service rules of the Company.
34. (a) Pursuant to the Accounting Standard for 'Taxes on Income' (AS 22), deferred tax liability () / asset at Balance Sheet date is:

	Rs. in Crore (10 Million)	
	31 st March, 2012	31 st March, 2011
(i) Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax.	(132.45)	*(138.40)
(ii) Tax on Others	10.63	10.00
	<u>(121.82)</u>	<u>(128.40)</u>

* after giving effect to Deferred Tax Liabilities of Rs. 4.53 Crore pursuant to the Scheme.

- (b) Based on the past performance and current plans, the Company expects to continue to generate taxable income which will enable it to utilise MAT credit entitlement.
- (c) During the previous year Company had recognized additional MAT credit entitlement of Rs. 0.31 Crore related to earlier year.

35. Disclosure as required under 'Related Party Disclosures' (AS 18) issued by The Institute of Chartered Accountants of India are as below:

- (a) List of Related Parties
 - (i) Associate
 - JK Enviro-Tech Limited
 - (ii) Key Management Personnel (KMP)
 - Shri Hari Shankar Singhania - Chairman
 - Shri Harsh Pati Singhania - Managing Director
 - Shri Om Prakash Goyal - Whole-time Director
 - (iii) Enterprise over which KMP's have significant influence
 - Habras International Limited
- (b) The following transactions were carried out with related parties in the ordinary course of business:

Rs. in Crore (10 Million)

SI No.	Nature of Transactions	Associate	
		2011-12	2010-11
(i)	Reimbursement of Expenses – Received	4.54	2.61
(ii)	Purchase of Goods	25.19	34.71
(iii)	Reimbursement of Expenses – Paid	6.33	4.40
(iv)	Interest received	2.59	2.68
(v)	Sale of Goods	0.30	1.44
(vi)	Loans given	1.15	1.92
(vii)	Loan installment received	4.67	2.76
(viii)	Outstanding at end of the year – Receivable	29.22	26.15

Rs. in Crore (10 Million)

SI No.	Nature of Transactions	Enterprise over which KMP's have significant influence	
		2011-12	2010-11
(i)	Sale of Goods	2.69	1.53
(ii)	Commission on Purchase	0.39	0.17
(iii)	Reimbursement of Expenses – Paid	0.01	–
(iv)	Outstanding at end of the period:		
	– Receivable	–	0.38
	– Payable	0.11	–

Key Management Personnel (KMP)

The remuneration paid to Chairman Rs. 2.66 Crore (Previous year Rs. 5.73 Crore), Managing Director Rs. 2.66 Crore (Previous year Rs. 6.33 Crore) and Whole Time Director Rs. 1.43 Crore (Previous year Rs. 1.84 Crore). The remuneration paid to the Managerial Personnel by way of minimum remuneration, in terms of the appointment, exceeds the limit prescribed under Section 309(3) of the Companies Act 1956, by Rs. 1.30 Crore, this is subject to requisite approvals from the Central Government of India.

36. Earnings Per Share:

	Rs. in Crore (10 Million)	
	31 st March, 2012	31 st March, 2011
(a) Profit after tax	48.52	106.51
Less : Preference Dividend (including tax on Dividend)	0.01	0.01
Profit for Basic Earnings Per Share	48.51	106.50
Effect of Conversion Option:		
Add : Interest on Foreign Currency Convertible Bonds (Net of tax expense)	-	0.19
Premium on Foreign Currency Convertible Bonds (Net of tax expense)	-	5.19
Profit for Diluted Earnings Per Share	48.51	111.88
(b) Weighted average no. of Ordinary Shares		
- Basic	11,18,58,449	7,81,49,939
- Effect of Conversion Option	3,04,62,515	22,55,443
- Diluted	14,23,20,964	8,04,05,382
(c) Nominal Value of Ordinary Share (Rs.)	10.00	10.00
(d) Earnings per Ordinary Share (not annualised) (Rs.)		
- Basic	4.34	13.63
- Diluted (Previous year as anti dilutive)	3.41	13.63

37. (a) The Company has raised Rs. 245.58 Crore through Rights Issue of Equity Shares and Rs. 226.14 Crore (Euro 35 Million) by issue of unsecured & unlisted Foreign Currency Convertible Bonds (FCCBs). Out of the above, Rs. 298.27 Crore (including Rights Issue Rs. 148.27 Crore) have been deployed for the project. The balance Rs. 173.45 Crore have been invested in mutual fund and fixed deposits with Banks, (b) During the year, Share Issue Expenses of Rs. 2.80 Crore have been charged from Securities Premium Account in accordance with Section 78 of the Companies Act, 1956, as compared to earlier policy of charging to Statement of Profit and Loss.

38. Current year accounts have been prepared in accordance with the Revised Schedule-VI and previous year's figures have been re-grouped/re-classified accordingly.

As per our report of even date

For and on behalf of the Board

For LODHA & CO.
Chartered Accountants

H.S. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

Chairman
Managing Director
Whole Time Director

N.K. LODHA
Partner

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
R.V. KANORIA
SHAILESH HARIBHAKTI

S.K. PATHAK
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 14th May, 2012

S.C. GUPTA
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

Rs. in Crore (10 Million)

	2011-12	2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax and Extra-ordinary Items	50.95	148.20
Adjustments for :		
Depreciation	73.74	72.36
Income from Investments	(4.90)	(0.02)
(Profit)/Loss on Sale of Assets (Net)	(0.44)	(0.37)
Dividend Income	(0.94)	(2.27)
Interest and Financial Charges (Net)	44.92	45.75
Assets Written off	0.43	1.80
Bad Debts	0.27	1.00
Provision for Doubtful Debts	1.36	0.45
Miscellaneous Expenditure Written off	0.05	0.09
Provision for earlier years no longer required	(0.08)	(0.48)
Operating Profit Before Working Capital Changes	165.36	266.51
Adjustments for Working Capital Changes:		
Trade and Other Receivables	(133.85)	(2.28)
Inventories	(36.66)	(0.63)
Trade and Other Payables	26.81	38.85
Cash generated from Operations	21.66	302.45
Taxes paid	(8.64)	(30.05)
Miscellaneous Expenditure	-	(0.76)
Net Cash from Operating Activities	13.02	271.64
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(632.06)	(124.16)
Sale of Fixed Assets	1.83	2.84
Sale/(Purchase) of Investments (Net)	14.72	(31.01)
Dividend Income	0.94	2.27
Interest Received	12.28	8.38
Net Cash from Investing Activities	(602.29)	(141.68)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

Rs. in Crore (10 Million)

	2011-12	2010-11
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Equity Share Capital	245.58	-
Redemption of Preference Share Capital including Premium	(5.52)	(5.57)
Share Issue Expenses	(2.80)	-
Proceeds from Long-term Borrowings	640.94	148.53
Repayment of Long-term Borrowings	(112.57)	(161.82)
Proceeds/(Repayment) from Short-term Borrowings (Net)	(8.11)	3.23
Interest and Financial Charges	(51.50)	(52.50)
Dividend (including Dividend Tax)	(0.03)	(38.67)
Net Cash from Financing Activities	705.99	(106.80)
D. Increase/(Decrease) in Cash and Cash Equivalents - Cash & Bank Balances	116.72	23.16
E. Cash and Cash Equivalents as at the beginning of the year - Cash & Bank Balances (Note No. 17)	31.10	7.94
F. Cash and Cash Equivalents as at the close of the year - Cash & Bank Balances (Note No. 17)	147.82	31.10

Note:

I. Previous year's figures have been re-grouped/re-arranged wherever necessary.

As per our report of even date

For and on behalf of the Board

For LODHA & CO.
Chartered Accountants

H.S. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

Chairman
Managing Director
Whole Time Director

N.K. LODHA
Partner

ARUN BHARAT RAM
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SHAILESH HARIBHAKTI

S.K. PATHAK
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 14th May, 2012

S.C. GUPTA
Company Secretary

Relief materials distributed to affected villagers

Our Correspondent

Rayagada: Relief materials were distributed to the villagers of Dongaguda, Jagannathguda, Kurumpeta and Podapadu villages under Karlakona and Chandili panchayat here Saturday. Notably, Polythene (tarpaulin) sheets and other relief materials were distributed to the villagers by JK Paper Mill CSR team.

According to sources, nearly 50 houses were reportedly damaged in Karlakona and Chandili panchayat after a thundersquall accompanied by gusty winds struck the area last night, sources said.



जेल परिसर में रोगियों की चिकित्सा करते डाक्टर.

जेल परिसर में चिकित्सा शिविर का आयोजन

जेल परिसर में रोगियों की चिकित्सा करने वाले डॉक्टरों के अलावा अन्य चिकित्सकों का भी आयोजन किया गया। शिविर में 100 से अधिक रोगियों की चिकित्सा करवाई गई। इस चिकित्सा शिविर का विधिबद्ध उद्घाटन एडीजे श्री गिरिसा मिश्र ने किया। शिविर में डा. नीलम...

ଶତ୍ପତ୍ତ ଗ୍ରାମବାସୀଙ୍କୁ ଜେଜେ କାଗଜକଳର ବିଲିପ ପ୍ରଦାନ



JK Paper, SPARSH observe Intl Women's Day

Our Correspondent

Rayagada: On the occasion of International Women's Day, SPARSH and JK Paper organised a Health Camp exclusively for adolescent girls in...

Literacy brings prosperity to tribal women

Dayaben Gamit Sets Example By Learning To Read And Write At 48

Himanshu Bharti | THN

Sarat: Eight months ago, a 48-year-old tribal woman from Kelai village in Sonagadh taluka of Tapi district was asked to sign on her 15-year-old daughter Priyanka's report card. As she could not read or write, she stared back at the principal. Finally, she was made to give her thumb impression and went home feeling ashamed about being illiterate.

A month later, Dayaben Gamit, got her chance when she heard about an adult literacy class which was to start in her village. The teacher, too, was from her own village. Kelai was to become the 30th village of the taluka where J K Paper Mills was to launch a literacy programme.

Wife of a casual labourer, Gambhirya Gamit, Dayaben joined the programme on her own and decided to learn everything she could. She was overjoyed on the first day of her class and told her teacher Kalpana Gamit, "I always dream of going to school but my father couldn't afford it. When I was married to a man like me who is



also totally illiterate like me I gave up all hopes of education in my life. But, today my dream has become a reality after 35 years."

Dayaben made it a point to send both her daughters to school. Her younger daughter Priyanka at 16 today, is a class X student and elder one Kalpana at 19 is a class XII student.

Dayaben was a quick learner and in two months' time she learned to read and write and after another two months she learned arithmetic. Today not only can Dayaben sign her

name, she is a proficient writer and avid reader.

She got a loan of Rs 25,000 from Bank of Baroda, Fort St. John's branch, and purchased a buffalo and sells its milk to local dairy and gets Rs 2,000 per month from it. She is proud in maintaining her self-esteem. The tribal woman now has confidence.

Tapi district has a population of 8,05,490 and the literacy rate is 65.5 per cent. Gender-wise, male literacy rates are 75.8 per cent, respectively.

J K Paper Mills has been running adult literacy programmes in centres here since 2004 with a reach of 800 to 700 people in a village.

HK Sharma, senior DGM HR department, said, "We are proud of our social responsibility. We have a business here. Ours is a training programme and we have more than 1,500 tribals since we will continue to contribute to the cause of adult literacy."

जेके ने महिलाओं को आत्मनिर्भर बनाने उठाये कदम



बना रहे है.

ट्रेनिंग काम प्रोबलेशन में इन युवाओं को पहले छह महीने की ट्रेनिंग के बाद में कुछ महीने का विनिर्मित कार्य दिया जाता है. इन युवाओं में इन प्रकार का कार्य जेके पेपर मिल करने का है. यहाँ अपने एक अन्य सहायक प्रोग्राम में अंतर्गत एक प्रकार के भी-अधिक कम्प्यूटरी प्रोग्राम, जेके-ट्रेनिंग दिया जा रहा है. ताकि वे युवा आत्मनिर्भर बन सकें, विदेशी कंपनियों की प्रतियोगिता में भी हिस्सा ले सकें. जेके पेपर मिल के सहायक प्रोग्राम से घर में रहती-रहती महिलाओं को भी...

Adolescent health awareness programme held

By Our Correspondent

Rayagada: With an aim to create awareness about adolescent health among tribal girls SPARSH and J K paper mills organised a 'Adolescent Health Awareness' workshop followed by a quiz competition at Katsurba Gandhi Balika Vidyalaya, Kolnara on Saturday. Around 105 adolescent tribal girls participated in the programme.

Dr. Rasmi-Prabha Das, P.H.C. Kolnara joined as the resource person and contributed her ideas on the physical, mental and also distributed among the participants. Thereafter, open house session was held to clarify the doubts of the adolescent girls' health queries. Dr. Das and Supriti Mohanty, project executive, SPARSH clarified their queries. The atmosphere was really very conducive everyone enjoyed the program. Among others, Dhabaleswar N. former Sarpanch, Kabiraj Mohanty, Head master, Kolnara M E School teachers were also present.

JK Paper, SPARSH observe Intl Women's Day

Our Correspondent

Rayagada: On the occasion of International Women's Day, SPARSH and JK Paper organised a Health Camp exclusively for adolescent girls in...

Harichandan, CGM (CTS) while 327 adolescent girls from 18 project villages attended and were benefitted from the health camp. The camp was organised after a small survey conducted by the Community Health Facilitators in the periphery villages to know about the and senior Medical Officer JK Dispensary diagnosed adolescent girls. Most girls were found to be anemic and provided with iron supplements. The adolescent girls hitherto did not find opportunity to solve their health problems. They were really benefitted from the health camp.

Changing Life for the Better...

Corporate Social Responsibility

CSR is not new for the JK Group as a whole and JK Paper as a Company. Indeed the Founder of JK Organisation, Lala Kamapat Singhania, had observed long time back "I believe that industry, apart from serving the society by creating wealth, should also promote and take active part in the mental, physical and social uplift of man and society at large".

It was with this belief that the Group has earlier built schools, hospitals and temples, and this spirit of serving the society in all possible ways is being carried on. To make our CSR activities focused and meet the changing societal requirements, the Company has been emphasising four major areas in its CSR activities: Education, Health Care, Skill

Development, Livelihood Interventions and Community Development.

The Company's Adult Education Model has successfully enabled 5,300 illiterate women, especially tribal and SCs/ STs, to become literates till date. Recent years have seen up-scaling of activities in this area.

Unit CPM has adopted an ITI to help reduce the gap between training of students and industry's requirements. The Company's initiative has been recognised by the Government by making this ITI a Model Centre in Gujarat for other business units to emulate.

The Company's efforts have motivated many tribal women to organize into SHGs.

They have initiated different income generating activities like hill broom binding, phenyl making, tamarind processing and a host of other activities that find ready market in nearby urban areas.

Basic health services including free medicines to ST & SC people through health camps are organised in villages close to the Company's mills at regular intervals. Over 6300 patients have availed the services last year.

Company is pursuing aggressively the Community Development initiatives through NGO "SPARSH". These cover structured activities in two broad areas viz. Livelihood Interventions and Health Care Interventions.





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