JK PAPER LTD.

Nehru House, 4 Bahadur Shah Zafar Marg, New Delhi-110002

JKP/SH/2017 4th October 2017

Electronic Filing

Department of Corporate Services/Listing BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 Scrip Code No. 532162	National Stock Exchange of India Ltd. "Exchange Plaza" Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 Symbol : JKPAPER Series : EQ

Dear Sir/Madam,

Re: Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 – Annual Report for the financial year ended 31st March 2017

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith Annual Report 2016-17 of the Company for the Financial Year ended 31st March 2017.

We may inform that the same has been approved and adopted at the 56th Annual General Meeting of the Company held on 14th September 2017 at the Registered Office of the Company at Fort Songadh, Dist. Tapi, Gujarat.

Submitted for your kind reference and records.

Thanking you,

Yours faithfully
For JK Paper Limited

(Suresh Chander Gupta)
Vice President & Company Secretary

Encl: a/a

ANNUAL REPORT 2016-17

PASSION IN ACTION

JK PAPER

JK PAPER LTD.

CONTENTS

Board of Directors

BHARAT HARI SINGHANIA
Chairman

HARSH PATI SINGHANIA
Vice Chairman & Managing Director

OM PRAKASH GOYAL
Whole-time Director

ARUN BHARAT RAM

DHIRENDRA KUMAR

M.H. DALMIA

R.V.KANORIA

SANDIP SOMANY

SHAILENDRA SWARUP

UDAYAN BOSE

VINITA SINGHANIA

WIM WIENK

Plants

JK Paper Mills (Unit JKPM)
Jaykaypur - 765 017
Rayagada (Odisha)

Central Pulp Mills (Unit CPM)
P. 0. Central Pulp Mills - 394 660
Fort Songadh
Dist. Tapi (Gujarat)

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

Auditors

S.S. Kothari Mehta & Co.
Chartered Accountants

Vice President & Company Secretary

Suresh Chander Gupta

Chairman's **statement**

Growth prospects of the World Economy have got slightly better, and now projected to grow at 3.5% in 2017 after falling to a 5-year low of 3.1% last year. However growth is yet to be broad-based, as it remains scattered in select pockets, namely US and some EU nations.

Most of the others in the developed world remain marred in a low-growth phase, and so provide little assistance to growth. Meanwhile growth in the emerging world is still hovering around sub-5% and from the pre-2010 levels of 7–8%. The picture is starker if we look at only developing Asia, where growth has slumped to around 6% from pre-crisis levels of over 11%. This is mainly due to a pull-back by China, where growth is perched at 6.5%, and ASEAN, the other high growth area, now growing at below 5%. The other major economies of the emerging world yet to fully recover from the recent downturns, namely Brazil and Russia reported growth of only 1-2%, with some pull-back also expected in the Middle East, mainly the oil producing majors (Saudi Arabia, Iran, UAE) and Turkey (political upheaval).

Amongst such disarray, only India provides some comfort as it has overcome the temporary disruption caused by the demonetization (when growth slipped back to 7.1%) and set to grow by 7.2% this year and 7.7% next year. This will be primarily driven by the government's infrastructure spending and a concerted effort to improve the ease of doing business in the country, mainly through GST and an early resolution to the NPA problem. The economic stability is further reinforced by the government's commitment to stick to fiscal consolidation and keeping inflation within acceptable levels. Also the 'reform' focus of the government led to record annual FDI inflows ($43 billion in 2016-17) in addition to FPI inflows of over Rs 1 lakh crore ($6.8 billion) so far in 2017.

But India's growth potential is yet to be unleashed, as most manufacturing capacities remain underutilized by about 25-30%. This is also reflected within our own industry, which makes our performance even more commendable. JK Paper not only managed to achieve a turnover of around Rs 3,000 crore, but achieved better profitability with an EBIDTA of over Rs 539 crore. Our strong distribution reach made a big difference in this regard. With a team of 191 distributors operating out of 14 depots, we were able to maintain a leadership in the copier segment with a 24% market share and amongst the top two positions in the coated paper and packaging board segments. We are also actively involved in market expansion outside India, exporting our products to more than 40 countries.

JK Paper has been a pioneer in adopting the latest environment friendly process and technologies from time to time. This has enabled us to undertake sustainable development by bringing about a perceptible change in efficiency parameters, in energy and water usage, which in turn helped us improve our operating margins.

Our CSR activities are well-focused and done in an organized manner, and are all geared to be position us as an assiduous corporate citizen. The efforts encompass areas like Swacch Bharat, adult literacy, healthcare camps and skill development initiatives through self-help groups and adopting ITIs to usher in positive change.

India's unique position as a growing economy coupled with enablers like organized retail, quality packaging and rising preference for ready-to-eat foods and host of other preferences that come with rapidly changing lifestyles bode well for the Indian paper industry in the medium-to-long-term. The macro fundamentals, set to emerge stronger following the implementation of GST, enhanced digitization and an upbeat consumer sentiment are perfectly aligned with your Company's thrust on quality and valued-added products and empowering us to take the 'front-seat' of that growth drive. Your continued support over the years has given us the strength and I look forward to the same as we make the most of the opportunities on offer.

Bharat Hari Singhania

Vice Chairman & Managing Director's **statement**

A passion for action is the core of our existence at JK Paper, underlining our business performance, competitiveness and sustainability.

India's unique position as a growing economy, in an otherwise convoluted global economy, is both a matter of pride and challenge.

The challenge is to sustain the growth by defying the odds, whether it is the new economic order of growing protectionism (USA and Britain's exit from EU) or the heightened global security risks, and juxtaposed with the not-so-encouraging scenario in the other emerging markets. This is particularly so in developing Asia, where growth slumped to around 6% from over 11% in the last decade, most notably in China and ASEAN, which makes India a prime destination to absorb the surplus from the 'slowing markets'.

This is quite apparent in the paper industry as well as other manufacturing industries in India. While Indian paper has been growing at about 6-7%, there has been a sharp escalation in imports, accounting for 15-20% of the market with a bigger share of the coated paper and newsprint varieties.

This was exacerbated by the sudden strengthening of the Rupee at the turn of the year, appreciating by about 6% vis-à-vis about 4% depreciation during the previous 9 months (Apr-Dec), thereby giving a further fillip to imports. The fact that JK Paper was still able to consolidate its gains by reaching its highest ever turnover and a net profit of Rs 162.83 crore for the year, is a reflection of the sustained improvement in performance across the board.

We strive to introduce new products and brands on a regular basis to provide our customers better quality. The launch of new products like JK Carry, JK Dark Buff and JK FAB Print has helped us consolidate our position in the market, resulting in the highest-ever sales in the company's history at 4.82 lakh tons. All copier brands performed extremely well, with specific brands continuing to add value, witnessed in the 5-fold jump in JK Excel Bonds sales last year. The efforts of our wide marketing network played a major role in delivering better customer service, positioning JK Paper as a one-stop-shop company for a wide range of papers and services.

We, at JK Paper, have quite conscientiously adopted cutting-edge environment-friendly technologies that enable us to achieve efficiency parameters that are the best in the industry, and help us be competitive enough to sustain in an increasingly globalized world. Our unit at JKPM achieved the best-in-class power consumption at 1,140 kWh per ton and water usage of 42 cubic meters per ton. At the same time, various energy conservation initiatives like heat recovery from the bleach plant, replacing MV lamps with LED and installing new energy-efficient motors have helped us reduce energy consumption.

Our thrust on plantation activities around 200 km of our mill area continued to reap positive results, as the landed cost for raw material was reduced by about 10-11%. Sourcing a higher volume of raw materials from local markets enabled us to reduce our cost of material consumed to 46.2% from about 61% 4-5 years ago. Besides higher sales realization of finished products and a better product mix helped us improve our operating margin during the year.

We also maintain a robust skill upgradation program for employees at all levels, with people sponsored to external training institutes and also in-house training through different learning modules. We provide first-hand experience of best practices prevalent in other industries. The mentoring system was encouraged for enhancing the knowledge and skills of the junior staff.

Beyond our commitment to the growth of the company, we also did our bit for CSR by aggressively pursuing preventive healthcare initiatives, creating assets for livelihood, going beyond building toilets under Swacch Bharat to more targeted approach like focus on an area to make it open-defecation free within specified timelines as well as adult literacy, etc.

Your company's quality leadership and growth initiatives were undertaken with an eye to enhance the proposition of value-added products, placing the company on a high pedestal.

We still have a long way to go, but the vision is clear. With the active support of all stakeholders, this should mean a brighter tomorrow.

Harsh Pati Singhania

Harsh Pati Singhania

First Roll- PM6, Unit JKPM

Passion in Action

The Indian paper industry is one of the most challenging.

Most of the challenges are largely beyond the control of most paper manufacturers.

At JK Paper, we were faced with a choice.

Shrug the challenges off as beyond our control and influence.

Or confront the challenges eyeball-to-eyeball.

We chose the latter option.

Through organisation-wide **passion** to seek improvements.

Reflected in relevant, immediate and extensive action.

The result has been a complete transformation: increased material yield, strengthened asset utilization and enhanced fiscal efficiency.

Making JK Paper one of the most exciting stories in India's paper industry.

Passion in action works.

At JK Paper, the Passion in Action philosophy has redefined our personality in a number of ways.

How we emerged wood-positive when everybody was apprehensive.

How we convinced farmers that clonal subabul plantations offered better returns than other crops.

How we educated farmers to sustainably improve plantation yields and profits

How we seized a fleeting opportunity to carve out a major share of the bond paper segment.

How we slashed energy consumption per tonne of paper produced.

How we enhanced paper quality and generated higher realizations.

State of the art Paper Machine, PM6- Unit JKPM

We have emerged larger, more efficient, with a wider product mix and with improved quality

How we innovated the 67 gsm and 72 gsm copier segments in a crowded marketplace

How we outsourced quality paper and marketed them under the JK brand.

How we enhanced realisations higher than the market average.

How we strengthened our distribution to create the largest paper distribution network in India

How we leveraged the power of Information Technology to strengthen our customer connect.

How we strengthened our brand and created a lasting impression.

OVERVIEW

Passion in Action is the enduring currency at JK Paper.

This drove our performance in a challenging 2016-17.

Performance review by
JK Paper team

OVERVIEW

The company reported record revenues of Rs 2,989.37 cr and highest-ever profits of Rs 162.83 cr in 2016-17.

This record performance was derived from superior business health: a 3.74 per cent increase in revenues was corresponded by a 167 per cent growth in profit after tax, making it the second straight year when our company reported attractive profitable growth.

In doing so, the company strengthened EBIDTA margin from 16.6 per cent in 2015-16 to 20.7 per cent in 2016-17; return on capital employed increased from 7.4 per cent to 11.1 per cent.

The company reported steady throughout the year improvement: the company reported profit continuously over eight successive quarters ending March 2017.

These improvements were achieved during a challenging phase of the Indian economy, highlighting what we have always professed: passion for action leads to outperformance.

The company improved profit continuously over eight successive quarters ending March 2017.

CHALLENGES

At JK Paper, we encountered a number of sectoral challenges across the last few years.

Companies like ours with large investments could never be completely secure about where they would be able to procure raw material and at what price. Indian paper manufacturers needed to compete with international paper manufacturers who were integrated backwards into captive plantations, an advantage that Indian paper companies never enjoyed due to government restrictions. Most Indian paper manufacturers sourced their entire raw material produce from a radius of around 600 kms compared to competitive global manufacturers accessing most of their raw material requirements from within 100 kms. The weak national road infrastructure and a corresponding high transportation cost made it more expensive to transport paper within the country over imports. The government periodically revised the minimum support price of various cash crops, which inevitably created a cost-pull impact on wood prices as well. The Indian paper industry was required to compete with more competitive ASEAN paper manufacturers with no duty protection. The industry was largely manufacturing-driven with large gaps in customer understanding and corresponding productisation.

The average team age of new plant declined substantially. Training extended from the functional to the behavioural.

PASSION MAKES THE DIFFERENCE

At JK Paper, it would have been easy to shrug and say that since most of these challenges were more national and sectoral in nature and hence, beyond the company's direct control, there was little the company could do about them.

We took a different view.

While we conceded that it would be difficult to alter realities beyond the company's direct control, the company would do something different: modify realities instead.

This modification would comprise an organization-wide coverage: seek ways to debottleneck production capacity at the lowest cost, enhance throughput to the extent possible, moderate plant downtime, convince farmers within a reasonable radius of the company's location to plant clonal seedlings with superior yields, graduate the company from manufacturing-centric to distribution-driven; widen the company's coverage across wider business segments; evolve the product mix within each segment towards value-added products; generate profits from enhanced business productivity rather than a simplistic increase in paper prices.

At JK Paper, we recognised that any desire to transform the game would only remain a wishlist; if we could transform the way we selected to play the game, then that would be reality.

And that is how the reinvention of JK Paper commenced. The average team age declined. Training extended from the functional to the behavioural. The legacy command-driven structure was replaced by a larger grassroots involvement in target-setting. Business silos made way for information free-flow. Targets evolved from the achievable to the ambitious. The organization began to gravitate from a longstanding need to be the biggest to a fierce desire to be the best.

EBITDA margin %, 2015-16

16.6

EBITDA margin %, 2016-17

20.7

CORPORATE OPTIMISM

This passion-driven approach has culturally transformed JK Paper in the last few years. We believe that this is not just a fleeting improvement; this transformation, we believe, represents the start of a multi-year phase of JK Paper evolving into a competitive organisation.

Our optimism is drawn from a number of improvements that we have made with sustainable implications.

The expansion of our new paper manufacturing unit commissioned in 2013 was validated through some of the best operating parameters in the Indian paper industry. The company has graduated to an enviable cost-leadership within a competitive business. The complement of JK Paper brands enjoys a premium in realizations and category leadership. The company enjoys an attractive position across products segments, empowering it to capitalize with speed and readiness to every upturn. The company is a showcase for its Health Safety Environment delivery, reflecting in moderated resource consumption and enhanced recycling. The new clones used have reported enhanced yields per tree and hectare and are being corresponded by a decline in resource procurement distances.

At JK Paper, we intend to generate growing volumes through capacity accretion (organic and inorganic) on the one hand and seek across-the-board efficiency improvements on the other, making it possible to enhance profitability.

We have progressively evolved our product mix towards value-added varieties, a trend that will sustain.

We moderated resource consumption, providing us with an indirect brownfield expansion room and implications in a sector where we do not foresee large capacity increments across the next three years.

We expect to increase the proportion of outsourced products within our overall revenues, validating our growing brand strength, progressively liberating our sales from a complete dependence on captive manufacturing.

We intend to progressively repay debt (including FCCB conversion), moderate interest outflow, strengthen profits, graduate our credit rating and build a stronger Balance Sheet capable of shouldering larger business throughput.

We intend to make a deeper use of analytics to explore latent marketplace opportunities.

In doing so, we believe that we will be able to enhance our return on capital employed that leads to enhanced value in the hands of those who own shares in our company.

Big points

- Record performance
- Focused on modifying realities within the company's control.
- Start of a multi-year phase towards global competitiveness.
- Enviable cost-leadership in a competitive business.
- Progressively evolved product mix towards value-addition
- Repaid debt and moderated interest

We have progressively evolved our product mix towards value-added varieties, a trend that will sustain.

Return on capital employed %, 2015-16

7.6

Return on capital employed %, 2016-17

11.1

At JK Paper, we intend to generate growing volumes through capacity accretion (organic and inorganic) on the one hand and seek across-the-board efficiency improvements on the other, making it possible to enhance profitability.

SECTORAL OUTLOOK

We are optimistic of JK Paper's prospects across the foreseeable future because we expect to ride three waves: one, the prospects of a reforms-driven Indian economy, which we believe will increase the consumption of paper and boards; two, the Indian paper sector has arrived at a sweet spot; three, Passion in action at JK Paper is a sustainable play where we have barely scratched the surface.

India continues to be the fastest-growing major paper market with no significant capacity increase forecast for the next few years. India sits at an attractive point in the consumption curve: a national per capita consumption of 11.5 kgs compares weakly with a corresponding global consumption average of 58 kgs. Besides, even as India accounts for nearly 17 per cent of the global population, it accounts for a mere 4 per cent of the world's paper consumption, a gap that we believe will narrow. This 'narrowing' is not something that may happen at some nebulous point in the future; we believe that it is already transpiring; India is the fastest growing large paper-consuming nation in the world as measured by annual percentage accretion.

We believe that India is likely to sustain its position as the world's fastest growing paper consumer for a number of concurrent reasons. India's literacy rate has improved from 64.84 per cent all-India both genders in 2001 (census) to 74.04 per cent in 2011 (census); we believe that a literate nation does not just consume additional paper to feed its growing educational appetite but creates generations of life-long consumers across diverse and consequent applications. Indian per capita incomes increased by 7.4% from Rs. 86,879 in 2014-15 to Rs. 93,293 in 2015-16 to an estimate 1,03,000 in 2016-17, graduating the country from staples to discretionary consumption. While there is truth in that the growing role of information technology has marginally impacted paper consumption, it is equally true that a deeper IT penetration will create spinoff consumption opportunities. Besides, we foresee a growing consumption curve in the boards segment, catalysed by an increase in e-commerce and organized retail sectors.

SUMMING UP

We are more optimistic than ever in our existence. We are becoming a stronger company across virtually every business segment. We believe that 2017-18 will be another growth year, manifesting in enhanced value for our stakeholder family.

India continues to be the fastest-growing major global paper market with no significant capacity increase forecast for the next few years.

While there is truth in that the growing role of information technology has marginally impacted paper consumption, but there are other strong demand drivers leading to increase in paper consumption.

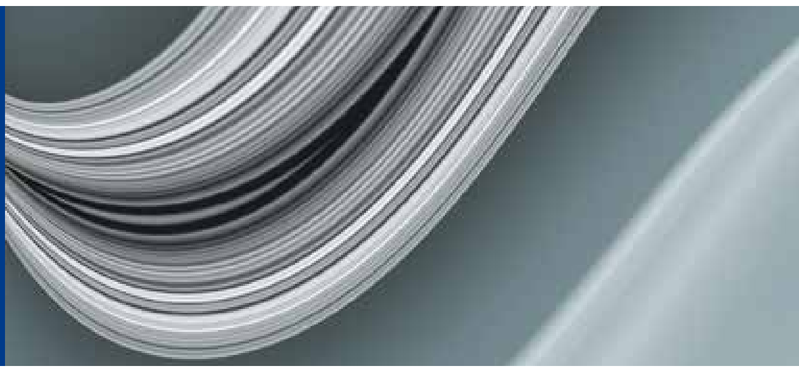
Increase % in net sales, 2016-17

7.4

Increase % in PAT, 2016-17

167

India accounts for nearly 17 per cent of the global population, it accounts for a mere 4 per cent of the world's paper consumption, a gap that we believe will narrow.



CORPORATE INFORMATION

JK Paper Limited is one of the largest Indian paper manufacturing companies.

Marked by an attractive complement of brands, paper products, technologies and manufacturing facilities.

Making the company a dynamic proxy of one of the fastest growing paper markets in the world.

Robotic Palletization , PM6 - Unit JKPM

Philosophy

We remain ever-focused on continuous and consistent upgradation of processes and people. Much more than the technology, it is how well-equipped we are to harness it that determines the road to transformation.

Corporate Vision

To be a dynamic benchmark and leader in the Indian paper industry

Corporate Mission

To be a world-class company, creating considerable shareholder value by achieving growth and leadership through:

- JK Brand equity
- Customer obsession
- Technological innovation
- Cost competitiveness
- Environmental and social care

Background

JK Paper Limited is engaged in the manufacture and sale of branded papers and packaging boards. Incorporated in 1960, the Company has two large integrated manufacturing units – JK Paper Mills, Rayagada (Odisha) and Central Pulp Mills, Songadh (Gujarat) with a combined capacity of 4,55,000 tonnes per annum.

Management

The Company is managed by a team of experienced and committed professionals under the guidance of Board of Directors.

Marketing

Respected for a diversified product range and qualitative excellence, JK Paper's products are marketed across India via an extensive distribution network comprising over 4000 dealers, 191 wholesalers, 14 depots and 4 regional marketing offices

Portfolio

- Office papers

JK Cedar, JK Copier, JK Easy Copier, JK Sparkle, JK Copier Plus and JK Excel Bond, JK CMax and JK Max

- Packaging boards

JK TuffCote, JK Ultima, JK TuffPac and JK IV Board

- Printing and writing papers

JK Cote, JK Ledger, JK SHB, JK Evervite, JK Finesse, JK Elektra, JK Lumina, JK Ultraprint, JK Easy Draw and JK FabPrint

- Specialty papers

MICR cheque paper, parchment paper and Cedar Digital

Capacity

JK Paper Mills: JK Paper Mills was commissioned in 1962 in Rayagada (Odisha) as an integrated pulp and paper plant with an installed capacity of 18,000 tonnes per annum. The production capacity was progressively scaled to 2,95,000 tonnes per annum today. This facility manufactures a range of paper from 58 grams per square metre to 300 grams per square metre.

Central Pulp Mills: Central Pulp Mills was established in Songadh, Gujarat, in 1966. This was taken over by the Group in 1992-93. This integrated pulp and paper plant manufactures writing and printing paper as well as virgin packaging board with an installed capacity of 1,60,000 tonnes per annum.

Pioneering

- JK Paper became the first Indian paper company and the third in the world to receive TPM certification from JIPM, Japan
- The company became one of the first Indian paper companies to receive ISO 9001 and ISO 14001 certifications
- The company became the first Indian paper company to introduce branded paper in the domestic marketplace
- The company became the first Indian paper company to introduce surface-size wood-free paper
- The company became the first Indian paper company to source fibre line from Metso, a Finnish industrial machinery company

Listing

JK Paper Limited is listed on the National Stock Exchange of India Ltd. and BSE Ltd.

Quality policy

To provide 'customer delight' – both internal and external – through our products and services at the lowest cost by continuous improvement in processes, productivity, quality and management systems

Certifications

- ISO 9001: 2008
- ISO 14001: 2004
- OHSAS 18001: 2007
- FSC

Awards

- Adjudged amongst the top 5 globally for Mill Manager Award & Environment Management award by PPI in Belgium
- Conferred the 'HR Leader & Talent Acquisition Award' at the 7th National Conference and Game Changer Awards
- Received the 'Par Excellence and 'Excellence' Awards at the National-level Quality Circle Convention on Quality Concepts in Raipur
- Received the 'Strong commitment to HR Excellence Award' and 'Significant Achievement in HR Excellence Award' at the CII HR Excellence Awards, 2016
- Received an award for 'Outstanding achievement in the areas of Environment Management' by Greentech Foundation
- Received the 'CSR Excellence' award in the 'Sustainable Livelihood' category at the Odisha CSR Forum Awards
- Received recognition for its 'Innovative CSR Practices' from the World Sustainability Organisation
- Received an award for 'Excellent Energy Efficient Unit' in the paper sector during the Energy Management Summit, 2016
- Received an award for 'Most Useful Presentation'in the paper sector during the Energy Management Summit, 2016
- Bagged the first runner-up award in the 'Good Performance' category for its TPM circle teams at the 21st All Odisha Quality Circle Convention Awards
- Bagged the 1st Position Award and Certificate of Excellence in Import Category during the Concor Awards 2015-16

Passion in Action and how we manufactured more efficiently

OVERVIEW

The company's paper manufacturing operations are spread across two locations – JK Paper Mills in Odisha and Central Paper Mill in Gujarat.

ACHIEVEMENTS, 2016-17

At JK Paper, we believe that the core of our competitiveness is derived from the ability to manufacture a high paper quality at one of the lowest costs in India.

The company strengthened its competitiveness through the following initiatives:

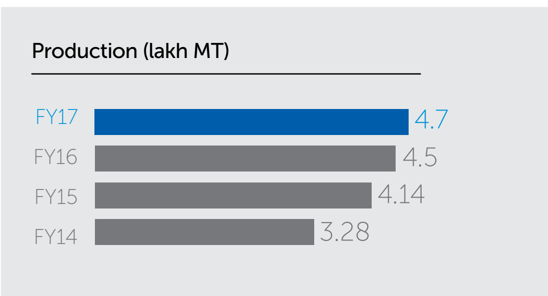
The company achieved the highest production of paper in its history – 4.70 lakh MT in 2016-17 against 4.50 lakh MT in the previous year. The company's output during the year under review corresponded to a capacity utilization of 103 per cent compared to 99 per cent in 2015-16. The company also produced 2.82 Lakh MT of pulp, strengthening integration and value-addition. The company's Unit JKPM in Odisha achieved a capacity utilisation of 103 per cent and Unit CPM in Gujarat achieved capacity utilisation of 106 per cent.

The company strengthened its operational productivity, generating more from less. The result was that raw material cost declined from 50.02 per cent of revenues to 45.80 per cent; by the fourth quarter of the year under review, this had declined to 43.38 per cent.

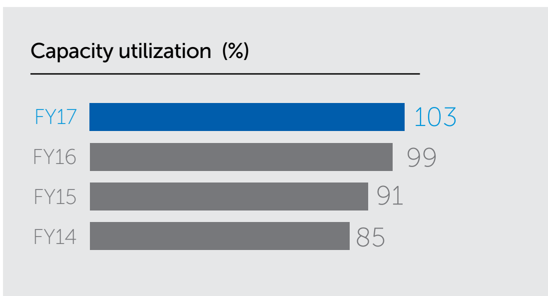
The company moderated its power consumption per ton of paper & board production to Rs 1058 in 2016-17 from Rs 1106 in 2015-16 an improvement of 4.3% during the year under review.

The company produced superior paper varieties as measured across lustre, brightness and other parameters, reflecting a growth in realization.

Passion to scale. We increased our production from 3.28 lakh MT in 2013-14 to 4.70 lakh MT in 2016-17.



Passion to optimize. We improved our capacity utilization from 91% in 2014-15 to 103% in FY17.



The company achieved the highest production of paper in its history – 4.70 lakh MT in 2016-17 against 4.5 Lakh MT in the previous year.

Central control room, PM6 - Unit JKPM

PASSION TO BE THE FIRST

First integrated pulp and paper company in India and the third paper company in the world to get an award for TPM Excellence from JIPM.

First paper mill to receive ISO 9001 and ISO 14001 certifications.

First Indian paper mill to invest in a world-class pulp mill (fiber line from Metso)

First to brand copier paper in India.

First to introduce surface-size wood-free paper in India.

BIG POINTS

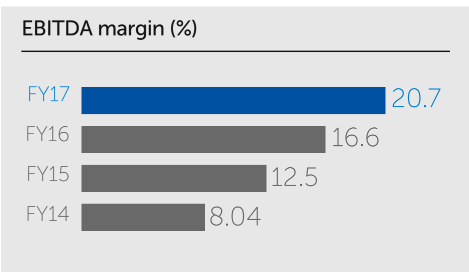
- Retained sectoral cost leadership
- Enhanced output; moderated resource consumption
- Reported kaizen-driven continuous improvement
- Ran environmentally responsible operations
- Improved capacity utilization to 103%

REDUCED WATER CONSUMPTION PER MT OF PAPER PRODUCED (Cu M)

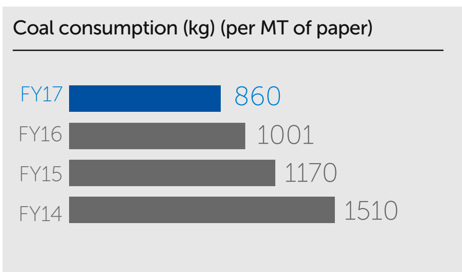
FY14: **54.95**

FY17 :**45.48**

Passion to grow sustainably. We improved our EBITDA margins attractively from 8.04% in FY14 to 20.7% in FY17, recording four straight years of growth.



Passion to improve carbon footprint. We reduced the consumption of coal per ton of paper produced.



Passion to lead. The Company is currently the market leader in the copier paper segment and among the top two in India's coated paper and packaging board segments.

How Passion in Action helped transform the fuel mix

Fuel represents one of the biggest costs in paper manufacturing.

In 2012-13, 12 per cent of JK Paper's costs were on account of power & fuel. This number declined to 7.68% in 2016-17.

The company resolved to reduce its coal cost through stronger local linkages that moderated its dependence on the imported variety.

More importantly, the company embarked on making a substantial increase in its consumption of fuel from renewable sources.

The challenges were considerable. There was a technology challenge in extracting the renewable element from wood. Besides, the renewable fuel mix needed to be optimized for quantity and cost.

The JK Paper team worked assiduously. Experimented fuel mixes. Made process modifications.

The result: the company enhanced the proportion of fuel from renewable sources from 38 per cent of the overall fuel mix to 60 per cent

Just when it looked like the company's growth ambition would be capped by fuel mix restrictions, a forward-looking commitment transformed realities.

Passion in Action leads beyond the horizon.

HOW WE CULTURALLY TRANSFORMED OUR SHOPFLOOR MORALE

At unit JKPM, there was a traditional shopfloor culture	The senior management began to present the company's quarterly performance to all workers	The management rewarded and recognised individual outperformers	The management selected the last Saturday of the month to hear worker issues	The management began to target improvements in the workers' residential colony	The result was a cultural transformation and enhanced emotional 'ownership'
Paper manufacturing was considered hazardous	The plant management convened an 8am meeting around the HSE agenda	The meeting comprised all Heads of Departments	For 16 months ending March 2017, the JKPM plant remained incident-free	First-aid incidents declined even in 100% manual work areas	The plant graduated from functional safety to behaviourial discipline
The JKPM plant had a lingering 'working hour' phenomenon	Most officers would leave the workplace at 730pm	The plant management focused on enhancing work-life balance	Advised officers to leave in time	The new focus: reduce tenure, enhance productivity	The two plants reported an increase in capacity utilisation by almost 500 bps in 2016-17
The company's plants followed a command structure	The company introduced the kaizen movement	Employees were asked for improvement suggestions	The JKPM plant generated 1500+ suggestions in 2016-17	The plant's 'Suggestions Mela' drew diverse responses	The improvements covered production, safety, quality, waste management and process improvement

How Passion in Action helped transform a worker into an 'owner'

When JK Paper commissioned its new plant in 2013 at the existing location in Jaykaypur, there was a challenge.

The new plant warranted a different operating culture from the old facility.

The JK Paper management was faced with an option: transfer most of the old hands to the new plant. The company took a differentiated view: it would recruit completely new workers.

Doubters warned that this could prove disastrous.

The JK Paper management banked on youth (average age 24). The company trained. The company empowered. The company sought improvement suggestions. The company recognised outliers. The company deputed workers to visit customers for product feedback. And the most effective decision: the company designate each worker as 'Management Cadre Staff'.

Workers now began to 'feel a sense of ownership' for the company. The result: JK Paper's new facility has emerged among the most competitive paper manufacturing locations in India.

Just when it looked like a large manufacturing showpiece would take time to return to profitability, a grassroots-driven movement delivered the unlikely.

Passion in Action graduates people to another level.

HOW WE TRANSFORMED OUR MANUFACTURING TECHNOLOGY

At JKPM, the company had invested in RDH technology pulpmill

That became sub-optimal

Following the 2013 expansion, the company invested in the Continuous Digester technology

The new technology enhanced operating efficiency

Costs declined, margins increased

HOW WE ENHANCED CAPACITY THROUGH THE LATERAL ROUTE

In the paper industry, capacity increase is restricted by resource availability

If no significant resources (water) are allocated, capacity increase can be arrested

The company responded laterally to this challenge

It moderated water consumption, making it possible to manufacture a larger paper quality without affecting the region's eco-system

Kaizens at our company

- The CPM pulp mill generated C and D grade water which is now being reused. Steam and water consumption declined. Effluents moderated.
- The rod master in recovery boiler malfunctioned. An imported replacement would have cost Rs 2.50 cr. A replacement was delivered at a tenth of the cost

The company invested in Clonal technology and Elemental Chlorine Free (ECF) technology amongst others.

Passion and how we marketed better

At JK Paper, we believe that the key to quicker offtake and enhanced margins lies in a superior marketplace understanding leading to enhanced realizations

Interface with a trade partner

BIG POINTS

- Enhanced distribution network by 20%
- Invested in analytics to 'read' trends better
- Focused on category leadership
- Increased value-added proportion of revenues
- Strengthened credit control
- Negligible attrition in distribution network
- Widest distribution network in India

Overview

With the successful commissioning of the new PM 6 in 2013, the company added over 50% to its existing capacity, making it challenging to market this additional throughput through the same distribution network. The company responded by virtually transforming its sales, marketing and distribution effectiveness.

The company was challenged by the need to widen and deepen its pan-India distribution network coupled with the need to understand consumers better and achievd price leadership in the 70 gsm copier segment.

There was a need to increase maplitho volumes, a segment the company re-entered in 2014; there was a need to consolidate volumes and customers in the packaging boards segment. The company also concurrently needed to enhance the proportion of outsourced business and strengthen its credit control.

Highlights, 2016-17

Network: The company enhanced its distribution network by 44%. The proportion of non-metro to metro wholesalers was 66% to 34%. The company embarked on the process of channel de-layering to reach markets and customers directly and faster.

Engagement: The company invested in technology tools (analytics) to understand the growing and evolving needs of small corporate customers

Graduate: The company invested in distribution relationships to achieve leadership position in the 70 gsm copier segment with its JK Easy Copier and JK Sparkle brands. The company narrowed the realization differential to nil by the end of the year under review

Value-addition: The company added maplitho finishing capability (reeling and sheeting), which enhanced availability, quality and customized output.

Re-allocation: The packaging board market encountered a substantial increase in capacity by more than 50 per cent in the short space of 18 months, depressing realizations. The company marketed the entire quantities by reallocating its output towards new geographies and reported much lower erosion in average realization per tonne compared to the industry average.

Credit control: The company invested in technology-driven credit control to shrink the receivables cycle. Even as revenues from outsourced products increased from 3 per cent of sales to 7 per cent.

Branding initiatives: The Company followed a 360-degree branding approach by leveraging below-the-line activations, digital marketing, brand videos and outdoor advertisements to name a few. These activities helped the brand reach a larger audience, enhance mindshare and generating top-of-the-mind recall and visibility. The Company launched 'India Photocopy Club', an annual loyalty programme for the jobber community. This first-of-its-kind technologically-driven marketing scheme is based on QR Code and an application, wherein the registered jobber receives direct monetary benefits instantaneously. The Company addressed the youthful online consumer through an enhanced digital presence; it executed various social media campaigns on special days such as Mother's day, Father's Day and World Environment Day, to name a few. The collateral was extensively used across the social media.

Outlook

The company expects to strengthen its business through a stronger sales and marketing emphasis in 2017-18.

The company intends to strengthen maplitho off take, increase revenues from outsourced products, increase the proportion of value-added products, increase direct customer reach, increase the proportion of revenues from small customer-friendly packs, launch a larger number of branded products and value-added packaging brands, as well as increase its digital media presence.

OUR STRENGTHS

Corporate brand: The name 'JK Paper' is nationally prominent

Network: 66 per cent of the company's distribution network is in non-metro locations, facilitating a deep Indian penetration

Team: The average age of the frontline sales team is 33, reputed to be among the industry's best

Service: The company is respected for its sensitive responsive complaint redressal approach

Extending: The company successfully extended from a presence in long-standing spaces to new categories (outsourcing and Maplitho)

Learning curve: The company graduated to Maplitho category leadership within 18 months of re-entry

Increment: The company's B2C brands enjoy a premium over the competing brands

Relationships: The company's high employee retention has translated into a stability in customer relationships

Stocking: The company increased the number of pan-India warehouses from seven to fourteen in three years

Umbrella brand: The company is the only leading Indian manufacturer in all paper categories – copier, packaging boards, coated and maplitho enhancing dealer wallet share

The company created a new niche:

67 gsm and 72 gsm

where the USP was not a lower price; it was a better product. The result was not negligible share; it was segment leadership.

How Passion in Action transformed a losing reality into a winner

The ramp-up of PM6 production at Unit JKPM should have spread cheer across the company. Except that it meant that the sales team would have to double output...within a single quarter.

To top this, the company was present in the upper end of the market where any aggressive price discount would affect its brand. The market remained sluggish. Besides, it was imperative to appraise whether the distribution partners possessed the financial robustness to grow the business.

The general conclusion: JK Paper was cornered.

Except that the company's team had other ideas. Their response: if we cannot capture existing market spaces, why not create new ones?

And that is how a dramatic picture began to emerge. The company created a new niche – 67 gsm and 72 gsm – where the USP was not a lower price; it was a better product. The result was not negligible share; it was segment-leadership.

Just when everything appeared lost to most people, JK Paper rose to its best.

Passion in Action makes the impossible a reality.

1

At JK Paper, one of the things that we pride upon is market intelligence. We speak to dealers, we speak to customers, we speak to trade analysts.

How Passion in Action helped capitalize on a fleeting opportunity window

The premium bond market is one of the most attractive in India's paper industry.

It enhances corporate respect; it delivers attractive value-addition.

At JK Paper, one of the things that we pride upon is market intelligence. We speak to dealers, we speak to customers, we speak to trade analysts.

During 2016-17, our market intelligence indicated an emerging opportunity: the supply of premium bond paper would be interrupted; existing product supply lines would be affected.

A JK Paper task force addressed what appeared to be a fleeting opportunity: within the space of a single quarter, the company conceived, branded, manufactured and re-launched the Company's premium bond paper offering – JK Excel Bond.

When the longstanding supply line was indeed interrupted, JK Paper was at the right place at the right time.

The result: JK Excel Bond carved out a market-leading presence in next to no time.

Just when it looked that leadership in the premium bond paper market would take a long time, JK Paper capitalised on a fleeting window.

Passion in Action transforms realities with speed.

2

How Passion in Action helped us strategize our way towards value-addition

3

JK Paper entered the packaging boards segment in 2007.

For long the company was considered a leader in writing and printing segment.

No Indian writing & printing paper company had successfully transitioned into packaging boards; no one with an established W&P distribution network had got around to creating a different distribution network for the new business. Sceptics said this was impossible.

JK Paper took a call: the company would graduate from the commodity end to the value-added niche within 18 months.

JK Paper engaged aggressively with primary customers. The company increased its understanding of desired quality and products. The company moved its entire production to 100 per cent premium virgin fibre boards.

Just when it appeared that the odds were stacked against JK Paper, the company's vision and effort helped grow its packaging board business to 20 per cent of revenues in 2016-17; the company emerged among the three largest virgin fibre packaging board players in India.

Passion in Action prevails over convention.

The company moved its entire production to

100%

premium virgin fibre board

How Passion in Action helped reposition our coated presence into a successful story

4

The coated paper segment is marked by a number of challenges.

The product needs to be customized, some coated paper segments are challenging and the market is competitive.

JK Paper entered this business segment in 2005

Doubters indicated that for a company with an extensive focus on the writing & printing segment, this 'diversification' could prove disastrous.

JK Paper responded to the challenge. The company invested time in studying customer preferences. The company examined prevailing standards.

The result is that JK Paper responded with superior customer service. The product offering was positioned around quality. From 'made by volume', the company graduated to 'made by order'. And, best of all, the company liberated itself from capacity constraints through prudent outsourcing, branding and marketing.

The coated paper business accounted for 20 per cent of JK Paper's revenues in 2016-17. The company transformed what would have been a challenge into an opportunity.

Just when it appeared that there wasn't an opportunity for a large brand like JK Paper in this space, the management manufactured, customised and monetised around a differentiated idea.

Passion in Action overcomes challenges.

The coated paper business accounted for

20%

of JK Paper's revenues in 2016-17. The company transformed what would have been a challenge into an opportunity.

Investing in our people, our future

In a competitive business, JK Paper has invested extensively in people and their competencies.

Over the years, the company has invested in passion, knowledge and skills, resulting in a team-work culture of collaborative outperformance.

The Company's competence-enhancing initiatives have comprised the following:

Krishna-Arjuna initiative

In this instance, the senior assumes the role of 'Krishna' while the identified high-performing employee acts as the 'Arjuna', resulting in an environment of joint development. The company selects and recognises three best 'Krishna-Arjuna' pairs each quarter.

Sharing Minds

This initiative helps break communication barriers between senior executives and middle or junior management employees; the President interacts informally with a group of 12 to 15 employees each month to understand their perspective and enhance their understanding of the company's business direction.

'Kitabon ki Aur'

This platform was created to encourage employees to discuss new subjects and learn from each other. The company's online library empowers people to share their learnings; employees who have attended external training, workshops and seminars share their learning with others.

'Santushti'

This voluntary initiative celebrates employee birthdays through social/community service, emphasizing the company's core value of 'Caring for People.'

'Dronacharya'

This certification comprises a program for internal trainers wherein functional trainers undergo two days of training across facilitation, curriculum design, and training evaluation, among others. In the second phase, these trainers choose a topic and train internally coupled with participant feedback. In third phase, the trainers are assessed by the external trainer. Those who successfully qualify are certified as 'Dronacharya.'

Udaan – inter-unit competition for young professionals

To unleash creativity and innovation, an annual inter-unit competition is organised. A four-member team of young professionals prepares a presentation on a given topic. In the first round, a unitwise competition is held and the winning team participates in a Group competition in Delhi, the best teams are recognized by the Chairman.

Lakshya - A learning forum

A great sense of team spirit is instilled in the group that is trained on effective communication and presentation skills. The group (Lakshya) aims to enhance personalities through group activities. The group teams prepare and present a book review or a presentation on a topic of their choice, providing practical outlet to skills learned theoretically.

Internal Customer Satisfaction Survey

Internal customer satisfaction is measured biannually across behavioural and performance indicators. An index called ICSI was developed to monitor improvements.

Market visit for non-marketing MCS

Market visit for non-marketing MCS is an initiative where the team consists of different departments with different age groups and experience. They visit markets to sample first-hand feedback on products and services offered by JK Paper, strengthening an overall understanding of the company's competitive position.

JKO Udaan- Encouraging Young Minds

Mentorship Programme

This initiative has enhanced motivation among entry-level employees, strengthening the learning culture through shared responsibility.

Exemplary Work Award

To recognize employee contribution in the area of productivity, loss prevention, quality culture, workplace safety and asset integrity, the Company instituted Exemplary Work Awards, given away twice a year.

Self-development Scheme

This supplements and encourages employee efforts in the area of additional qualifications relevant to their careers, strengthening a culture of learning.

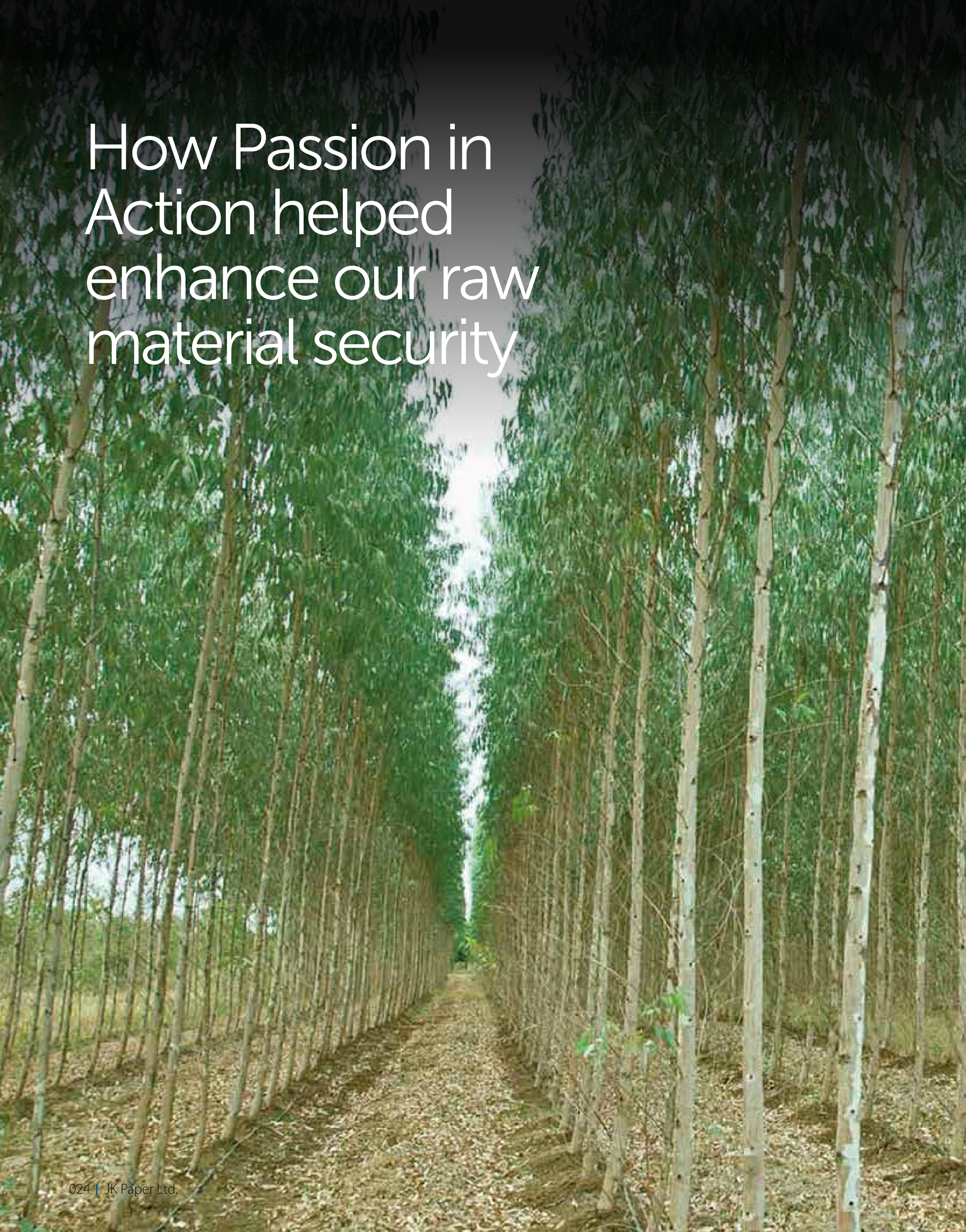
Employee Birth Day Celebrations

The company celebrates the birthday of every employee wherein he or she is greeted by the functional head and the entire department team.

Family Picnic & Get together

The management organizes a biannual family picnic and get-together, comprising fun activities that increase a sense of belonging among employees.

How Passion in Action helped enhance our raw material security



Overview

Through the farm forestry development program that commenced in 1991, JK Paper introduced sustainable farming methods that helped create numerous livelihood opportunities.

More than 1,50,000 hectares were planted in Orissa, Andhra Pradesh, Chattisgarh, Gujarat and Maharashtra since 1991.

The company encouraged the addition of 15,000 hectares annually to its plantation through the distribution of more than 60 million saplings to farmers, out of which 20 million saplings are produced in self-owned hi-tech advanced clonal nurseries. At any given point of time, the standing plantation is around 50,000 hectares.

The ecological benefits from the plantation activities are numerous:

- Eradication of surface run-off, nutrient and soil erosion.
- Improved microclimate, lowering soil temperature and reduction in moisture evaporation (mulching and shading).
- Improvement in soil structure through constant addition of organic matter from decomposed litter.
- Use and restoration of degraded marginal lands.
- Greening of wastelands and increase in tree cover area.
- Reduction in pressure on natural forests.

Big points

- Convinced farmers to plant wood varieties
- Increased proportion of clonal planting
- Resulting in a large resource base from within a smaller radius
- Moderated logistic costs
- Enhanced rural prosperity

How Passion in Action helped transform an impossible logistical challenge into a case study

The business of paper manufacturing is more critically influenced by logistics. Since about two-and-a-half tonnes of plantation wood is required to manufacture one tonne of paper, the closer one draws raw material from the stronger one's competitiveness.

At Unit JKPM, we drew most of our raw material from within a radius of 200 kms from our manufacturing facility. The plant's resources were drawn from Uttar Pradesh, Tamil Nadu, Karnataka and Bengal. Similarly, the Unit CPM (Gujarat) plant drew resources from as far as Assam.

A few years ago, JK Paper announced that it would encourage farmers proximate to the company's manufacturing facilities to grow the desired plantation wood (subabul).

Sceptics laughed. Farmers would never alter cropping patterns. Farmers would never plant long-gestation crops. Farmers would be scared about buyers. Farmers would scarcely shift from cane or cotton.

JK Paper engaged closely with farmers. Educated. Explained. Convinced.

What started as a trickle has now attracted more than 45,000 farmers across both locations; the extent of coverage has increased from scratch to an aggregate over 1.50 lac hectares.

The result: its proportion of raw material procured locally by the Odisha facility increased from 25 per cent of requirement a couple of years ago to an estimated 60 per cent next year; the sourcing radius has declined; improved raw material quality has translated into superior operating efficiency.

Just when it looked like a local commercial agriculture solution would not take off, persuasion and persistence triggered a plantation revolution.

Passion in Action transforms landscapes.

JKPM'S RAW MATERIAL SOURCING (AVERAGE KM RADIUS)	
Earlier (2014)	Now (2016)
734	380

CPM'S RAW MATERIAL SOURCING (AVERAGE KM RADIUS)	
Earlier (2014)	Now (2016)
350	200

JKPM'S EUCALYPTUS PLANTATION YIELD (%)	
Earlier	Now
25 MT / Ha over 5 years	50 MT / Ha over 3 years

CPM'S SUBABUL PLANTATION YIELD (%)	
Earlier	Now
52 MT / Ha over 3 years	60 MT / Ha over 28 months

How Passion in Action helped strengthen our treasury function

At JK Paper, we believe that in a capital-intensive business, a series of small improvements in capital mobilization and allocation can transform into significant competitiveness.

Challenge
In 2013, the company invested Rs. 1,775 Cr. in capacity expansion at Unit JKPM, which was funded with a mix of rights equity, internal accruals, foreign and domestic debt. As a result of this substantial investment, the company's gearing weakened from 46% in FY 2010-11 (pre-expansion) to a peak of 73% in FY 2013-14 following plant commissioning. Interest outflow for 2014-15 (the first full year when interest expenses were not capitalized and expensed from the Profit & loss account) was 76.5 per cent of the company's EBIDTA.

Counter-strategy

Even as the company's management recognised that much of the improvements in the new plant would be derived from a combination of manufacturing and marketing competencies, it resolved to create a financial foundation to maximize the improvement impact on the company's financials.

Forex mix

The challenge: There was a need to fund the Rs 1775 cr capital-intensive expansion at the lowest debt cost.

The strategy: The company selected to borrow 56 per cent of its total debt mobilized to fund the expansion in foreign exchange (over the conventional approach of mobilizing debt through rupees). Nearly 76 per cent of the forex debt was mobilised in Euros.

The result: The total delivered debt cost was lower than the prevailing Indian average. The company saved an aggregate Rs 260 cr in lower interest costs than if the debt had been mobilized in rupees.

Banker network

The challenge: The company needed to evoke adequate banker's interest in providing large and timely loans at a time when the banking confidence in the Indian paper industry was weak.

The strategy: The company widened its funding network across banks (Indian and global) and investors, each with varying expectations and risk appetites.

The result: The company was able to moderate funding costs below the prevailing Indian benchmark; the loan tenure of 12 years was longer than for peer projects, assuring adequate cash flow comfort.

Working capital management

The challenge: The company needed to moderate its working capital outlay from 23 per cent of total capital employed and related working capital costs, enhancing profitability.

The strategy: The company focused on strengthening trade terms through an enhanced proportion of cash and carry coupled with stronger guidelines. The company funded a large portion of its working capital outlay through buyer's credit.

The result: The company moderated receivables in quantum (5.4%) as a proportion of the capital employed from 23.3% in 2012-13. Working capital cost was 300 bps lower than the prevailing market average.

Profitability per hour

The challenge: The company needed to maximize margins and profits from its capital-intensive assets.

The strategy: The company developed an algorithm-based strategy to indicate the optimal product mix based on existing multi-product realizations, machine availability, machine capacity and logistical costs.

The result: The company reported an increase in sales realisation through this technology-driven approach.

Financial outcomes

Profit and profitability: EBIDTA margin revived from a trough of 8.04 per cent in 2013-14 to 20.7 per cent in 2016-17

Gearing: Debt-equity ratio declined from 2.02 in 2013-14 to 1.08 by the close of 2016-17.

Liquidity: Interest outflow declined across 8 successive quarters; interest cover strengthened from 0.68 in 2013-14 to 2.87 in 2016-17 (last quarter 3.5).

Credit rating: The company received a double-upgrade from BBB+ to A

How we transformed challenging realities into winning outcomes

JK Paper undertook largest single site investment in the Indian pulp & paper industry to date

New capacity took time to stabilize, raw material cost doubled, realisations stayed flat

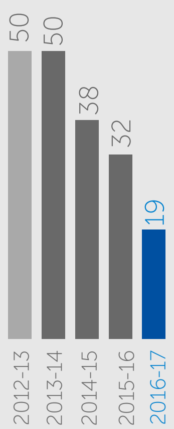
The company proactively managed its debt in ECA, ECB, FCCB & domestic debt and took advantage of lower cost of forex borrowings

The lenders reposed confidence in operating strategy and financial management

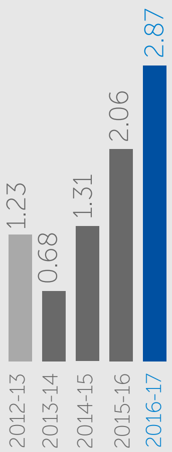
The Company managed to contain costs well below its credit rating equivalent

Our numbers

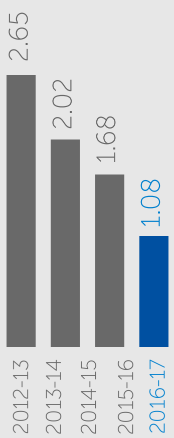
Net working capital (in days of turnover equivalent)



Interest cover (x)



Debt-equity ratio



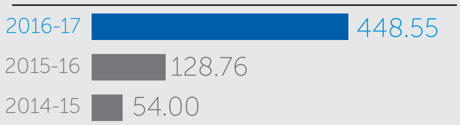
Credit rating

How Passion in Action translated into a cleaner environment

We maintain our environment commitment through an extensive investment in eco-friendly systems and processes in our manufacturing facilities.

The company's Unit JKPM was the first in India to be accredited with ISO-14001, the Environmental Management System Standard.

Investment in conservation of energy equipment (Rs. Lakhs)



Environmental initiatives

Social forestry

- More than 1,50,000 hectares were planted in various states since 1991

Emission Reduction Purchase Agreement

- An ERPA was signed with the Bio Carbon Fund of World Bank, covering 1608 hectares, mainly owned by small and marginal farmers associated with JK Paper's plantation program. This program provides additional income for participating farmers, besides moderating the carbon footprint.

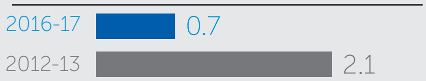
Focus on reducing water consumption

- Use of superior technologies, innovation in processes, recycling, re-use and minimizing waste water discharge significantly reduced fresh water consumption and effluent generation per metric ton of paper manufactured in recent years

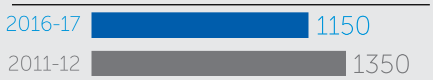
Wood-positive company

- We planted more trees than the number we consumed, making our operation wood-positive.

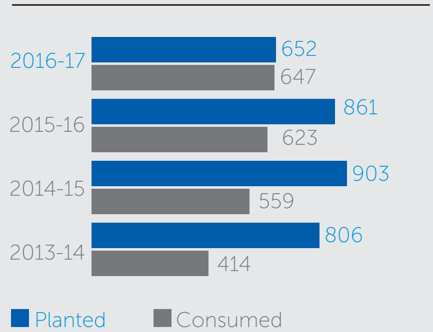
Declining coal consumption (MT/MT of paper)

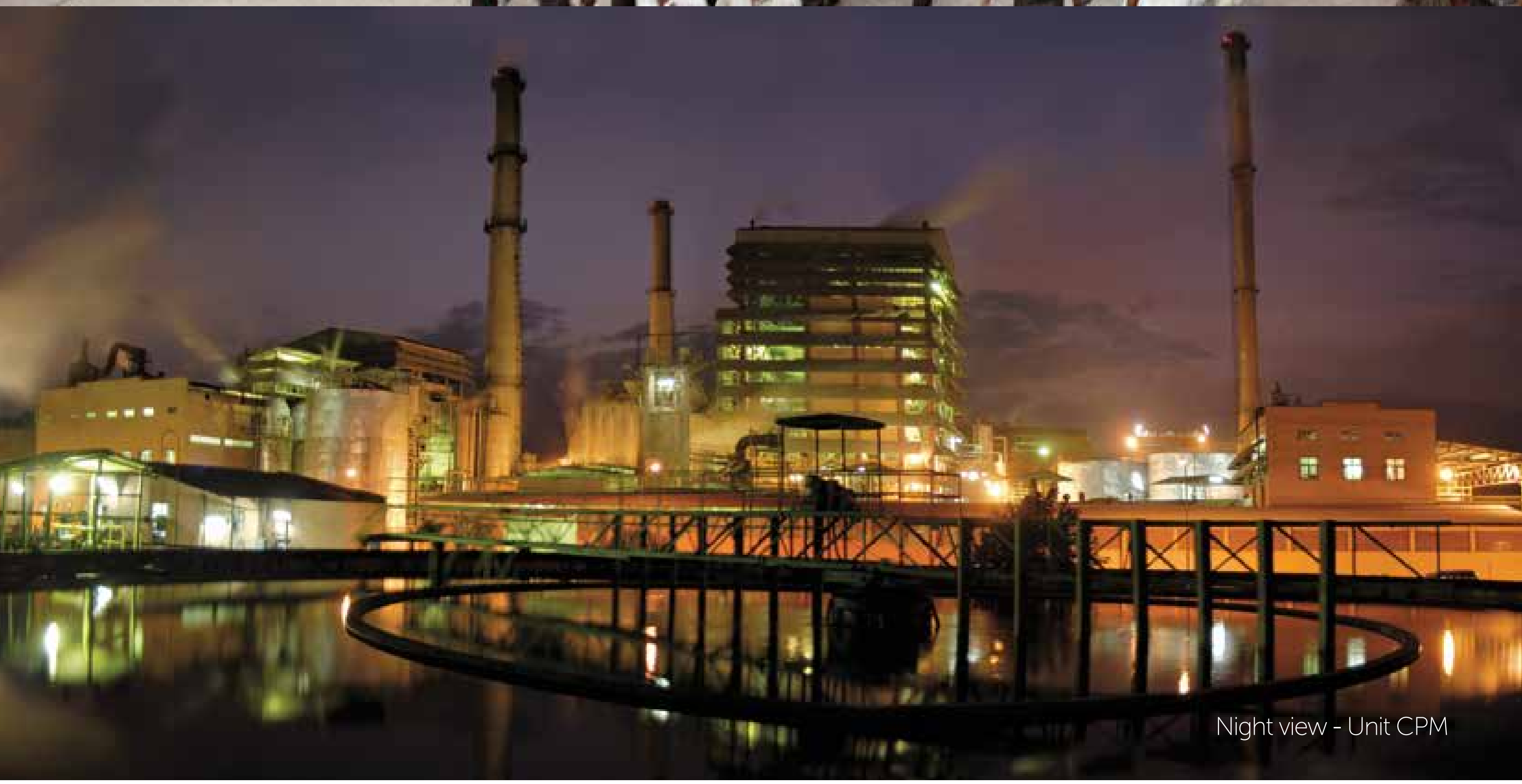


Reduction in energy consumption (units/ MT of paper)



Trees planted vs consumed (Lakh)





Night view - Unit CPM

Improved performance

Overall goal

Make JK Paper one of the most profitable paper companies in India, as measured by Return on Capital Employed.

Probable goal contributors

People: The company will continue to invest in its human resource, strengthening bottom-up engagement and decision-making

Technologies: The company will seek to invest in cutting-edge technologies across its business, enhancing manufacturing, financial, agricultural and marketing output and efficiency

Resource security: The company will seek to enhance its resource security through access to large captive virgin wood plantations

Financial: The company intends to repay debt to an optimal point, moderating interest outflow and enhancing the robustness of its Balance Sheet

Geographies: The company will widen and deepen its distribution footprint with the objective to graduate customer service to customer delight

Outsourced: The company will increase the proportion of outsourced products with the objective to generate a superior Return on investment

Exports: The company will enhance exports and not only intends to deepen its presence in the countries it is already present but also explore more remunerative markets

Measuring our performance ambition

- Profitable growth
  - → **Total income:** Grew 8% in 2016-17
  - → **EBIDTA:** Grew 34% to Rs 539 cr in 2016-17
- Consistent value creation
  - → **Return on average invested capital:** Grew from 7.6% to 11.1% in 2016-17
  - → **EBIDTA margin:** Grew from 16.6% to 20.7% in 2016-17
  - → **Market capitalisation:** Grew from Rs 630 crore as on 31 March 2016 to Rs 1478 crore as on 31 March 2017
- Financial mechanics
  - → **Net debt:** Declined by Rs 439 cr to Rs 1428 cr, 2016-17
  - → **Net debt-equity ratio:** Strengthened from 1.68 to 1.08 in 2016-17
  - → **Interest cover:** Increased from 2.06x to 2.87x in 2016-17

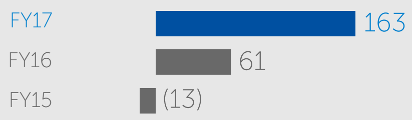
The company will widen and deepen its distribution footprint with the objective to capture the opportunities caused by rural India

Higher revenues **+108 (Rs cr)**

Revenues, Rs, cr

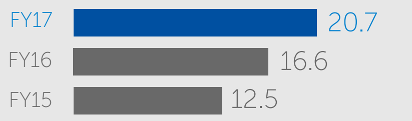
Net Profit **+102 (Rs cr)**

Net Profit, Rs, cr



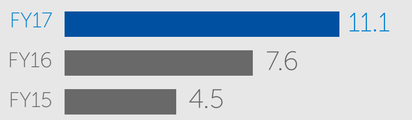
EBIDTA margin **+410 bps**

EBIDTA margin (%)



ROCE **+350 bps**

ROCE (%)



Corporate social repsonsibility

Company's CSR philosophy and belief

JK Paper believes that communities and companies prosper through a 'Sab Ka Saath Sab Ka Vikas' philosophy. Our CSR initiatives are all about building self-sufficient networks that enjoy access to collective social resources.

The company is building networks through the following initiatives:

- Creating social resources through tactical interventions in the realm of healthcare, education and skill development
- Building and strengthening networks of SHGs for the capitalization of social assets
- Mobilising networks engaged in ushering positive societal change and building their capacities

On 5th January, 2010, NGO Sparsh was formed as per the tenets of the Society Registration Act 1860 in Cuttack, Odisha, to assume development activities in the villages proximate to the JKPM unit and conduct CSR activities in a systematic manner.

Environment sustainability

Sustainability is embedded in the core of the Company's operations. The Unit JKPM generated 59% of its energy from renewable sources, significantly reducing emissions and consumption of fossil fuels. The result: the company enjoys one of the smallest carbon footprints for corporates operating in our space. The Company's farm forestry projects enhanced greenery in Odisha, Gujarat, Andhra Pradesh and Maharashtra. At the end of FY2016-17, the cumulative acreage was more than 1.5 lac hectares.

Educational initiatives

School education: The Company through its schools has been imparting quality education from the primary to the tertiary level. The three schools located in Raygada (Odisha) and Songadh (Gujarat) leave no stone unturned to enroll students from the weaker sections of the society. Both the Unit JKPM and Unit CPM regularly organise special programmes to mainstream children from indigenous communities. The Unit CPM has been running computer certificate courses through a computer training centre since June 2010. More than 500 students, largely from indigenous communities, have successfully completed these subsidised courses.

Adult education: The Company's adult education programme started more than a decade back and has thus far enabled more than 15,500 individuals to become literate and productive assets of the society and grown from two community-based centres to 25. At the Unit JKPM, 10883 women from indigenous communities were enabled to become literate. In a recent initiative to bolster tech-literacy, computer-based functional literacy modules were introduced across six centres. Similarly, the Unit CPM operates 24 centres and till date has helped 5044 people from indigenous communities to become literate. This is especially relevant considering the fact that illiteracy rates in these areas are as high as 42%. The programme has enhanced the self-belief of these individuals and many of them are now members of SHGs and participate in enterprise development initiatives.

Remedial education: The project

aims to addresses the problems faced by slow learners by extending supplementary tutorial support to fourth and fifth standard students who are weak in English, science and mathematics. Envisaged as a participatory model to create joint ownership, the success of this model has paved the way for its replication in more villages.

Nutan Gyanvardhini: The Company in collaboration with the district administrative bodies set up Nutan Gyanvardhini, a special school working towards the educational rehabilitation of children with special needs. Currently, the school has 30 students from Rayagada and Kolnora blocks on its rolls. Vocational training in the form of tailoring, gardening and paper envelope-making lessons is offered for the rehabilitation of these children. Regular meetings with parents are organised to assess the development of their children. The children are provided with a nutritious breakfast and lunch on a daily basis as well as brought into the school and taken back to their home by school buses escorted by capable personnel. Moreover, general health checkup camps are organised twice a month by the Unit JKPM.

Skill development

JKPL has undertaken decisive efforts to enhance the employability of the indigenous youth by organising different need-based skill development programmes. The Unit CPM tied up with the ITI Ukai, Gujarat under a PPP model in the year 2008. Declared as a Center of Excellence, it now offers 10 in-demand job-oriented courses to people living in the vicinity. ITI Ukai set up a Kaushalya Vardhan Kendra where 100 employment kits were distributed by the Tribal Development Department among unemployed youth residing in the border villages of Songadh taluka. A MoU has been signed between ITI Ukai and the Unit CPM for training non-qualified workmen via short-term KVK courses. The Unit JKPM has also worked towards improving the employability of indigenous youth including establishing a tailoring-cum-embroidery centre for adolescent girls from SC/ST families. The indigenous youth are also trained to repair mobile phones, drive cars and run beauty parlours, among others. Some of the girls have been providing their services to tribal girl hostels and earning livelihoods in the process.

Entrepreneurship development

Entrepreneurship development is of critical importance when it comes to unlocking social capital and promoting micro enterprises. JKPL, in collaboration with the Central Board of Workers Education, has mobilized 551 boys and girls from SC/ST families, shortlisted candidates, provided them with business development plans plus and helped them set up their own enterprises using minimal capital. Subsequently, several micro enterprises like tiffin stalls, grocery shops, tailoring, mobile repairing, DTH repairing and mobile vending units have mushroomed in the locality. The enterprises are linked with the MUDRA (Micro Units Development & Refinance Agencies) Yojana launched recently by the Government of India to ensure timely scale-up.

Livelihood intervention

JKPL's adult education programme has empowered countless women to form self-help groups and emerge as productive members of the society. The groups have taken up income generation programmes like phenyle making, detergent making, paper plate making, broom making, among others. Producer groups comprising members from different self-help groups have also been formed in collaboration with the Odisha Livelihood Mission. Members are encouraged to take up poultry farming as a backyard initiative and supplement their incomes by selling meat and eggs. Over 1627 indigenous women are currently involved in these activities under the aegis of 147 self-help groups in Unit JKPM and 7 in Unit CPM. Moreover, a sum of Rs. 34.73 lac has been generated through micro-savings programmes by the members while the self-help groups have themselves mobilised Rs. 91.38 lac in working capital from different financial institutions. The Odisha Livelihood Mission, impressed by their performance, has sanctioned revolving funds to the best-performing self-help groups. Not only has it enhanced family incomes (between Rs. 2,500 and Rs. 7,500 per month) but also ensured that a major part of these incomes are spent on health, nutrition and education of the children. The empowerment of women members of self-help groups is palpably noticeable in their active participation in gram sabha deliberations. 7 women have been elected to be a part of the three-tiered panchayati raj system. Furthermore, 843 self-help group members have opened individual bank accounts under the PradhanMantri Jan DhanYojana.

Scientific agricultural practices

The Unit JKPM has also helped boost farmer incomes by introducing scientific agricultural practices. Crop-specific training programmes have been organised in partnership with NABARD for both kharif and rabi crops. Farmers have also been trained on seasonal cash crop farming and efficient fertiliser usage. Introduction of new cash crops (pointed gourd, lemongrass and watermelon) has fetched additional incomes. New-age practices like line transplantation of paddy has increased yields., thereby benefitting farmers. Recently, some of these farmers were taken for a visit to study successful agriculture models for hybrid maize, basmati rice, vegetables, sunflower and fruits in Uttarakhand and Himachal Pradesh. These visits were organised in collaboration with the Directorate of Agriculture, Government of Odisha.

Healthcare

Basic healthcare: Over the past 19 years, Unit CPM has been organizing regular health camps for people from SC/ST communities in 28 villages within a 20-kilometre radius of the CPM unit. In addition to providing basic healthcare services and free medicines, they lay a keen emphasis

The JK Centre for Tribal Eye Health is equipped with state-of-the-art equipment so as to deliver comprehensive eye care.

on maternal and neonatal health. Simultaneously, community health facilitators go from house-to-house to sensitise pregnant and lactating mothers on safe health practices. The result: a visible reduction in health hazards in these villages.

JK Centre for Tribal Eye Health: The JK Centre for Tribal Eye Health was established in partnership with the renowned L V Prasad Eye Institute. It was inaugurated on 31st August 2015 by the Hon'ble Chief Minister of Odisha, Mr. Naveen Patnaik in the presence of the Vice-Chairman and Managing Director of JKPL, Mr. H.P. Singhania. This first-of-its-kind outreach programme includes raising awareness, screening people for possible disorders and carrying out surgeries if deemed necessary. The JK Centre for Tribal Eye Health is equipped with state-of-the-art equipment so as to deliver comprehensive eye care. The Company aims to serve 75,000 people over the next five years via this intervention.

Community healthcare: Life skills education in the realm of adolescent reproductive and sexual health imparted through balikamandals in different villages has proven particularly beneficial for adolescent girls. This initiative has brought about significant changes into the lives of the adolescent girls who have learnt the use of sanitary napkins and how to care themselves during menstrual cycles. Special initiatives have been undertaken to sensitise youngsters on HIV and AIDS.

Infrastructural development: Basic infrastructural development exercises like building of crematoriums, village approach roads and overhead tanks, among others have been taken up in nearby villages on a year-by-year basis.

Statutory Section

Directors' Report

To the Members,

The Directors have pleasure in presenting the 56th Annual Report alongwith Audited Financial Statements of the Company for the financial year ended 31st March, 2017.

FINANCIAL RESULTS

Rs in Crore (10 million)

	2016-17	2015-16
Gross Sales	2,989.37	2881.45
Profit Before Finance Costs and Depreciation (PBIDT)	538.88	401.66
Profit before Depreciation and Tax (PBDT)	351.24	206.43
Profit After Tax (PAT)	162.83	60.87

DIVIDEND

Your Company has posted improved performance during the year. Continuing with our commitment towards shareholders, the Directors therefore recommend a Dividend of Re. 1.50 per share (Re. 0.50 previous year) on the expanded Equity Share Capital. The Dividend outgo would amount to Rs. 29.50 crores (inclusive of Dividend Distribution Tax of Rs 4.99 crores).

APPROPRIATIONS

The amount available for appropriation, including surplus from the year stood at Rs. 600.24 crores. The Directors propose this to be appropriated as under:

(Rs crore)

General Reserve	125.00
Dividend (2015-16)	7.43
Corporate Dividend Tax	1.51
Surplus carried to Balance Sheet	466.30

PERFORMANCE REVIEW

The Company recorded its highest ever Net Sales of Rs 2,736.83 crores during the year an increase of 7.4% over the previous year. The Company achieved its highest ever sales volumes of 4.82 Lacs MT. Capacity utilization for the Year stood at 103.4% compared to 98.9% in the previous year. The Company's efforts in enlarging geographical reach of its products, strengthening the distribution network and introduction of new products in past few years are showing positive results. During the year the company focused on further optimizing utilization and operating parameters of Unit JKPM which led to significant improvement in EBIDTA margins. As you are aware the Company had stepped up its plantation efforts and it is satisfying to note that the efforts are paying off, with greater proportion of the requirement being met out of material sourced from shorter distances which reduces the overall delivered costs at our mills. Exports accounted for about 42577 MT as against 48553 MT in the Previous Year.

With better operating efficiencies, softer input prices and better realisations from the market, the Company posted much improved margin. Consequently EBIDTA at Rs 538.88 crores was up by 34.2% over the previous year EBITDA of Rs. 401.66 crores. The Company's Profit Before Tax was significantly up at Rs 231.71 crores compared to a Rs 89.21 crores during 2015-16 and Net Profit for the year was Rs 162.83 crores against Rs 60.87 crores during previous year.

CONVERSION OF FCCBs

During the year under review, your Company had issued 74,28,240 Equity Shares of Rs. 10/- each at a conversion price of Rs.56.37 per Equity Share consequent upon the conversion of the Foreign Currency Convertible Bonds (FCCBs) (Series 2) to the holders of such FCCBs. The Company had also converted its FCCBs (Series 3) into 74,28,240 Equity Shares of Rs. 10/- each at a similar conversion price during the financial year 2017-18 and consequently the paid-up Equity Share Capital of the Company stands increased to Rs. 163.39 Crore on the date of signing of this Report.

AWARDS AND RECOGNITION

Our commitment towards Safety & Environment, Quality & Operational Excellence and HR practices continue to garner appreciation from various industry chambers and social bodies. Some of the accolades and awards received during the year are as follows:

a. Unit JKPM bagged the Platinum Award for excellent Environment Management from Greentech Foundation, New Delhi.

b. Unit JKPM was adjudged second at the "National Energy Conservation Award – 2016", conducted by the Bureau of Energy Efficiency.

c. Unit JKPM was awarded the "Excellent Energy Efficient Unit" and "Most Useful Presentation Award" during 17th National Award for Excellency in CII Energy Management summit.

d. Unit JKPM won the "Strong Commitment to HR Excellence Award" in the Prestigious 7th CII National HR Excellence Awards 2016.

e. Unit JKPM bagged the "15th Annual Greentech Safety Award-2016" in Gold category in Paper sector from Greentech Foundation.

f. Frost & Sullivan conferred Unit JKPM with 2nd Runner up Award under Process Innovation Leadership category in the manufacturing sector.

g. Unit CPM won the CII National HR Excellence Award - 2016, "Significant Achievement" category at CII National HR Excellence Award Confluence – 2016-17.

h. Unit CPM bagged the Innovation in CSR Practices Award from World CSR Day & World Sustainability Organization, Mumbai 2015-16.

i. Unit JKPM was among the finalists Mill Manager Award & Environment Management award by PPI-2016, Belgium

INDUSTRIAL RELATIONS

The industrial relations at our plants continued to remain peaceful and cordial throughout the year. Our continuous dialogue with the union and workers representatives to improve the industrial harmony and to create a positive work environment, by introducing various new work practices along with automation have succeeded in boosting manpower productivity. We acknowledge the support and coordination provided by our employees.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as on 31st March 2017 in the prescribed form MGT -9 is attached as Annexure-1 to this Report and forms part of it.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or securities and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the financial statements.

The Company has not made any provision during the financial year 2016-17 for the purchase of, or subscription for, shares in the company by trustees of JK Paper Employees' Welfare Trust, which was formed by the Company in the year 2004 for the welfare of the employees of the Company, for the shares to be held by or for the benefit of the employees of the company.

RELATED PARTY TRANSACTIONS

During the financial year ended 31st March 2017, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Further, the Company has not entered into any contract or arrangement or transaction with the Related Parties which could be considered material in accordance with the Policy of the Company on materiality of Related Party Transactions. In view of the above, disclosure in FORM AOC-2 is not applicable.

The Related Party Transaction Policy as approved by the Board is available on the website of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Smt. Vinita Singhania retires by rotation and being eligible offers herself for re-appointment at the ensuing Annual General Meeting (AGM).

Shri Harsh Pati Singhania was reappointed as Vice Chairman & Managing Director of the Company for a period of five years w.e.f. 1st January 2017 by the Members at the AGM of the Company held on 14th September 2016.

All the Independent Directors of the Company have given requisite declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and also Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015.

There was no change in Managing Director, Whole-time Director, Chief Finance Officer and Company Secretary, collectively the Key Managerial Personnel, during the year under review.

INTERNAL FINANCIAL CONTROLS

The Company has in place an adequate budgetary control system and internal financial controls with reference to financial statements. No reportable material weaknesses were observed in the system during the year. Further, the Company has laid down internal financial control policies and procedures which ensure accuracy and completeness of the accounting records and the same are adequate for safeguarding of its assets and for prevention and detection of errors and frauds, commensurate with the size and nature of operations of the Company. The policies and procedures are also adequate for orderly and efficient conduct of business of the Company. The Company also has a robust management information system for the timely preparation of correct and accurate financial information.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has been one of the foremost proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, rural development and livelihood interventions etc.

The Company has requisite Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act 2013 and rules made there under. The contents of the CSR Policy are disclosed on the website of the Company.

Even though, the company was not required to spend towards CSR since it incurred a net loss of Rs.14.02 Crore in the preceding three years, it has spent Rs. 1.19 Crore towards CSR activities during the Financial year 2016-17.

Annual Report on the CSR activities undertaken by the Company during the financial year under review, in the prescribed format is annexed to this Report as Annexure-2.

AUDITORS

(a) Statutory Auditors and their Report

The observations of the Auditors in their report on Accounts and the Financial Statements, read with the relevant notes are self explanatory.

M/s S.S. Kothari Mehta & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for a term of 3 (three) consecutive years to hold the office from conclusion of the 53rd Annual General Meeting (AGM) held in the year 2014 till the conclusion of 56th AGM of the Company to be held in the year 2017, being the maximum permissible term, since the said firm had been auditors for more than ten consecutive years before commencement of the Companies Act, 2013. Accordingly, the term of M/s S.S. Kothari Mehta & Co. will end at the forthcoming AGM and the said firm, will therefore, not be eligible for re-appointment as the Auditors of the Company at the said AGM. The Board of Directors wish to place on record its appreciation of the services rendered by M/s S.S. Kothari Mehta & Co.

M/s Lodha & Co., Chartered Accountants, are proposed to be appointed as Auditors of the Company to hold the office from the conclusion of the 56th AGM to be held in the year 2017 until the conclusion of 61st AGM to be held in the year 2022, subject to the approval of the Members at the AGM to be held in the year 2017 and further subject to ratification of the appointment by the members at the respective AGMs. M/s Lodha & Co., Chartered Accountants, have confirmed that their appointment, if made, would be in accordance with Section 141 of the Companies Act 2013 & pursuant to the Companies (Audit and Auditors) Rules 2014 there are no pending proceedings against the firm relating to professional matters of conduct before the Institute of Chartered Accountants of India or before any competent authority or any court & they are holding valid Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

(b) Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors appointed Shri Namo Narain Agarwal, Company Secretary in Practice as Secretarial Auditor to carry out Secretarial Audit of the Company for the financial year 2016-17. The Report given by him for the said financial year in the prescribed format is annexed to this Report as Annexure-3. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

(c) Cost Auditor and Cost Audit Report

The Cost Audit for the financial year ended 31st March 2016 was conducted by M/s R.J. Goel & Co., Cost Accountants, Delhi and as required Cost Audit Report was duly filed with the Ministry of Corporate Affairs, Government of India. The Audit of the cost records of the Company for the financial year ended 31st March 2017, is being conducted by the said firm and their Report will also be filed with the Ministry of Corporate Affairs, Government of India.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

CONSERVATION OF ENERGY ETC.

The details as required under Section 134(3)(m) read with the Companies (Accounts) Rules, 2014 is annexed to this Report as Annexure-4 and forms part of it.

PARTICULARS OF REMUNERATION

Disclosure of the ratio of the remuneration of each director to the median employee's remuneration and other requisite details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is annexed to this Report as Annexure-5. Further, Particulars of Employees pursuant to Rule 5(2) & (3) of the above Rules, form part of this Report. However, in terms of provisions of Section 136 of the said Act, the Report and Accounts are being sent to all the members of the Company and others entitled thereto, excluding the said particulars of employees. Any member interested in obtaining such particulars may write to the Company Secretary. The said information is available for inspection at the Registered Office of the Company during working hours.

CORPORATE GOVERNANCE: including details pertaining to board meetings, Nomination and Remuneration policy, Performance Evaluation, Risk Management, Audit Committee and Vigil Mechanism.

Your Company reaffirms its commitment to the highest standards of corporate governance practices. Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made part of this Annual Report.

The Corporate Governance Report which forms part of this Annual Report also covers the following:

a) Particulars of the five Board Meetings held during the financial year under review.

b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, inter alia, the criteria for performance evaluation of Directors.

c) The manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.

d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.

e) Details regarding Risk Management.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared by the Company in accordance with the applicable Accounting Standards. The Audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

A report on the performance and financial position of each of the subsidiaries & joint ventures included in the Consolidated Financial Statements is presented in a separate section in this Annual Report. Please refer to AOC-1 annexed to the Financial Statements in the Annual Report.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, Consolidated Financial Statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company.

During the financial year under review your company decided to exit the joint venture Oji JK Packaging Private Limited and use the proceeds for the growth opportunities of the existing product categories.

JK Paper International (Singapore) Pte. Ltd. (name since changed from Habras International (Singapore) Pte. Ltd.) a subsidiary became a wholly owned subsidiary of the company.

DEPOSITS

Pursuant to the approval of members by means of a Special Resolution at the AGM held on 27th September 2014, the Company was accepting deposits from the public, in accordance with the provisions of the Companies Act, 2013 and rules thereunder. However, the Company has not accepted or renewed any fixed deposits w.e.f. 1st November, 2016.

The particulars in respect of the deposits covered under Chapter V of the said Act, for the financial year ended 31st March 2017 is annexed to this Report as Annexure-6.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) the accounting policies have been selected and applied consistently 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 of the Company for that period;

(c) proper and sufficient care has been taken for the 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;

(d) the annual accounts have been prepared on a going concern basis;

(e) the proper internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and

(f) the proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

New Delhi — Bharat Hari Singhania

Date : 16th May, 2017 — *Chairman*

Annexure 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L21010GJ1960PLC018099
2.	Registration Date	04.07.1960
3.	Name of the Company	JK Paper Limited
4.	Category/Sub-category of the Company	Public Company Limited by Shares/Non-Government Company
5.	Address of the Registered office & contact details	Registered office :- P. O. Central Pulp Mills – 394 660, Fort Songadh, District Tapi, Gujarat Ph. No. : 91-2624-220228/ 220278-80 | Fax No. : 91-2624-220138 Email ID: sharesjkpaper@jkmail.com | Website: www.jkpaper.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of Registrar and Transfer Agent, if any.	M/s MCS Share Tranfer Agent Limited F-65, 1st Floor, Okhla Industrial Area Phase – I, New Delhi -110 020 Ph. No. : 91-11- 41406149-50 | Fax No : 91-11-41709881 Email ID: admin@mcsregistrars.com | Website: www.mcsdel.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Paper and Paper board	1701	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Jaykaypur Infrastructure & Housing Ltd. JK Paper Mills, Jaykaypur – 765 017, Rayagada, Odisha	U45201OR2008PLC010523	Wholly Owned Subsidiary	100	2(87)
2	Songadh Infrastructure & Housing Ltd. P. O. Central Pulp Mills- 394660 Fort Songadh, Distt.Tapi, Gujarat	U45203GJ2009PLC055810	Wholly Owned Subsidiary	100	2(87)
3	JK Enviro-tech Ltd. P. O. Central Pulp Mills- 394660 Fort Songadh, Distt.Tapi, Gujarat	U73100GJ2007PLC075963	Wholly Owned Subsidiary	100	2(87)
4	JK Paper International (Singapore) Pte. Ltd.* 10 JalanBesar #10-03, Sim Lim Tower, Singapore (208787)	Not Applicable	Wholly Owned Subsidiary	100	2(87)

* Name since changed from Habras International (Singapore) Pte. Ltd.

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) $

(i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters***									
(1)	Indian									
a)	Individual/ HUF	875000	0	875000	0.59	875000	0	875000	0.56	-0.03
b)	Central Govt	0	0	0	0	0	0	0	0	0
c)	State Govt(s)	0	0	0	0	0	0	0	0	0
d)	Bodies Corp.	84883568	0	84883568	57.15	84883568	0	84883568	54.43	-2.72
e)	Banks / FI	0	0	0	0	0	0	0	0	0
f)	Any other	0	0	0	0	0	0	0	0	0
	Sub-total (A) (1)	**85758568**	**0**	**85758568**	**57.74**	**85758568**	**0**	**85758568**	**54.99**	**-2.75**
(2)	Foreign									
a)	NRI –Individuals	0	0	0	0	0	0	0	0	0
b)	Other –Individuals	0	0	0	0	0	0	0	0	0
c)	Bodies Corp.	0	0	0	0	0	0	0	0	0
d)	Banks / FI	0	0	0	0	0	0	0	0	0
e)	Any Other	0	0	0	0	0	0	0	0	0
	Sub-total(A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total shareholding of Promoter (A) = (A)(1) + (A)(2)*	**85758568**	**0**	**85758568**	**57.74**	**85758568**	**0**	**85758568**	**54.99**	**-2.75**
B.	**Public Shareholding**									
1.	Institutions									
a)	Mutual Funds	46212	0	46212	0.03	71831	0	71831	0.05	0.02
b)	Banks / FI	59883	0	59883	0.04	62160	0	62160	0.04	0
c)	Central Govt	0	0	0	0	0	0	0	0	0
d)	State Govt(s)	0	0	0	0	0	0	0	0	0
e)	Venture Capital Funds	0	0	0	00	0	0	0	00	0
f)	Insurance Companies	6093317	0	6093317	4.10	4182805	0	4182805	2.68	-1.42
g)	FIIs	1707951	0	1707951	1.15	7389686	0	7389686	4.74	3.59
h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i)	Others									
	(i) International Finance Corporation	7690000	0	7690000	5.18	7690000	0	7690000	4.93	-0.25
	(ii) DEG- Deutsche Investitions- Und Entwicklungsgesellschaft Mbh	0	0	0	0	2393735	0	2393735	1.53	1.53

* The total shareholding of Promoters at (A) above includes 4,93,40,269 Equity Shares as on 1.4.2016 & as on 31.3.2017 which was 33.22% as on 1.4.2016 and 31.64% as on 31.3.2017 respectively and a change of 1.58% during the year pertaining to constituents of the Promoter Group as per SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009. The same does not form part of the Promoters as defined in the Companies Act, 2013.

Category of Shareholders		No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	(iii) Societe DEPromotion ET DE Participation Pour la Cooperation Economique	0	0	0	0	1942770	0	1942770	1.25	1.25
	Sub-total (B)(1):-	15597363	0	15597363	10.50	23732987	0	23732987	15.22	4.72
2.	Non-Institutions									
a)	Bodies Corp.									
	i) Indian	8205001	150	8205151	5.52	9243005	150	9243155	5.93	0.41
	ii) Overseas	0	0	0	0	0	0	0	0	0
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	9887302	40581	9927883	6.69	11372461	38110	11410571	7.31	0.62
	ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	17232011	5698862	22930873	15.44	15283597	4013500	19297097	12.37	-3.07
c)	Others									
	(i) Trust and Foundation	1239978	0	1239978	0.83	1243958	0	1243958	0.80	-0.03
	(ii) Non Resident Individuals	2073809	297000	2370809	1.60	2475529	297000	2772529	1.78	0.18
	(iii) OCB	2500000	0	2500000	1.68	2500000	0	2500000	1.60	-0.08
	Sub-total (B)(2):-	41138101	6036593	47174694	31.76	42118550	4348760	46467310	29.79	-1.97
	Total Public Shareholding (B)=(B)(1)+ (B)(2)	56735464	6036593	62772057	42.26	65851537	4348760	70200297	45.01	2.75
C.	**Shares held by Custodian for GDRs & ADRs**	0	0	0	0	0	0	0	0	0
	Grand Total (A+B+C)	142494032	6036593	148530625	100	151610105	4348760	155958865	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2016)			Shareholding at the end of the year (as on 31st March 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Bengal & Assam Company Ltd.	36418299	24.52	-	36418299	23.35	-	-1.17
	Total	36418299	24.52	-	36418299	23.35	-	

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year (as on 1st April 2016)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Bengal & Assam Company Ltd.**				
	At the beginning of the year	36418299	24.52	36418299	24.52
	Change in Promoter's Shareholding	No Change			
	At the end of the year i.e., 31.03.2017.			36418299	23.35

(iv) Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year (1st April 2016)		Cumulative Shareholding at the end of the year (31st March 2017)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	BMF Investments Limited*	2252297	1.52	30089797	19.29
2	Florence Investech Limited	11833332	7.97	11833332	7.59
3	P.K. Khaitan jointly with S.K. Somany-Trustees,JK Paper Employees Welfare Trust	11539710	7.77	9828655	6.30
4	International Finance Corporation	7690000	5.18	7690000	4.93
5	J.K. Credit & Finance Limited	3575000	2.41	3575000	2.29
6	Life Insurance Corporation of India	3282805	2.21	3282805	2.10
7	Edgefield Securities Limited	2500000	1.68	2500000	1.60
8	DEG-Deutsche Investitions- Und Entwicklungsgesellschaft Mbh**	–	–	2393735	1.53
9	Société De Promotion Et De Participation Pour La Coopération Economique#	–	–	1942770	1.25
10	Deepa Bagla Financial Consultants Pvt. Ltd.	1984785	1.34	1750000	1.12

* Date of acquisition of 2,78,37,500 (17.85%) as informed by the acquirer to the Company is 2nd & 3rd March 2017.

** Allotment of 27,42,735 (1.76%) Equity Shares on 7th December 2016, consequent upon conversion of FCCBs (Series2).

Allotment of 19,42,770 (1.25%) Equity Shares on 7th December 2016, consequent upon conversion of FCCBs (Series 2)

Note: Around 97% of the Shares of the Company are held in dematerialized form and are traded on daily basis. Therefore, the date wise increase/decrease in shareholding is not indicated.

(v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2016)		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Shri Harsh Pati Singhania, *Vice Chairman & Managing Director*				
At the beginning of the year	131250	0.09	131250	0.09
Date wise Increase/Decrease in Shareholding during the year	No Change			
At the end of the year i.e. 31.03.2017			131250	0.08
2. Shri O.P. Goyal, *Whole-time Director*				
At the beginning of the year	13692	0.01	13692	0.01
Date wise Increase/Decrease in Shareholding during the year	No Change			
At the end of the year i.e. 31.03.2017			13692	0.01
3. Shri M.H.Dalmia, *Director*				
At the beginning of the year	150300	0.10	150300	0.10
Decrease in Shareholding during the year pursuant to sale on 13.01.2017**	150300	0.10	NIL	NIL
At the end of the year i.e. 31.03.2017			NIL	NIL
4. Smt. Vinita Singhania, *Director*				
At the beginning of the year	87500	0.06	87500	0.06
Date wise Increase/Decrease in Shareholding during the year	No Change			
At the end of the year i.e. 31.03.2017			87500	0.06

NOTE : Sh. Bharat Hari Singhania, Sh. Arun Bharat Ram, Sh. Dhirendra Kumar, Sh. RV Kanoria, Sh. Sandip Somany, Sh.Shailendra Swarup, Sh. Udayan Bose, and Sh. Wim Wienk, Directors of the Company and Sh. V. Kumaraswamy, Chief Finance Officer and Sh. Suresh Chander Gupta, Vice President & Company Secretary of the Company were not holding any shares in the Company at the beginning of the year, i.e, as on 1st April 2016 and at the end of the year i.e, as on 31st March 2017 and hence there was no increase/decrease in their shareholding during the financial year 2016-17.

**These shares were held by Sh. M.H. Dalmia in his name jointly with Ms. Abha Dalmia as Trustees of Mridu Hari Dalmia Parivar Trust.

$The Paid up Equity Shares of the Company increased from 14,85,30,625 to 15,59,58,865 during the year consequent upon the conversion of the Foreign Currency Convertible Bonds (FCCBs) (Series 2) into 74,28,240 Equity Shares of the Company to the holders of such FCCBs.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1498.59	375.05	18.13	1891.77
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	12.10	8.96	1.01	22.07
Total (i+ii+iii)	1510.69	384.01	19.14	1913.84
Change in Indebtedness during the financial year				
• Addition	319.72	229.61	12.99	562.32
• Reduction	354.34	396.86	5.73	756.93
Net Change	-34.62	-167.25	7.26	-194.61
Indebtedness at the end of the financial year				
i) Principal Amount	1462.85	210.07	24.78	1697.70
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	13.22	6.69	1.62	21.53
Total (i+ii+iii)	**1476.07**	**216.76**	**26.40**	**1719.23**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager *(Rs. in Crores)*

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sh. Harsh Pati Singhania (Vice Chairman & Managing Director)	Sh. Om Prakash Goyal (Whole-time Director)	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.49	2.30	5.79
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	3.05	0.86	3.91
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Commission			
	- as % of profit	7.00	0.20	7.20
3	Others: Contribution to Provident Fund and Insurance	0.36	0.13	0.49
	Total (A)	13.90	3.49	17.39
	Ceiling as per the Act	Rs. 23.93 crores (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

(The Company does not have Sweat Equity/Scheme for stock option.)

B. Remuneration to other Directors *(Rs. in Crores)*

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
1.	Independent Directors	Sh. Arun Bharat Ram	Sh. M.H. Dalmia	Sh. R. V. Kanoria	Sh. Sandip Somany	Sh. Udayan Bose	Sh. Shailendra Swarup	
	• Fee for attending Board/ Committee Meetings	0.02	0.01	0.03	0.01	0.02	0.02	0.11
	• Commission	0.08	0.08	0.08	0.08	0.08	0.08	0.48
	Total (1)	0.10	0.09	0.11	0.09	0.10	0.10	0.59

Sl. No.	Particulars of Remuneration					Total Amount
2	Other Non-executive Directors	Sh. Bharat Hari Singhania (Chairman)	Sh. Dhirendra Kumar	Smt. Vinita Singhania	Sh. Wim Wienk	
	Fee for attending Board / Committee Meetings	0.03	0.01	0.01	0.01	0.06
	Commission	0.50	0.08	0.08	0.08	0.74
	Total (2)	**0.53**	**0.09**	**0.09**	**0.09**	**0.80**
	Total(B)= (1+2)					**1.39**
	Total Managerial Remuneration (A+B)					18.78*
	Overall Ceiling as per the Act	Rs. 26.33 Crore (being 11% of the net profits of the Company as per Section 198 of the Companies Act, 2013)				

* Total Managerial Remuneration to Vice Chairman & Managing Director, Whole-time Director and other Directors (being the total of A and B) includes, sitting fees of Rs.0.17 crores.

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD *(Rs. in Crores)*

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Sh. V. Kumaraswamy, Chief Finance Officer	Sh. Suresh Chander Gupta, Vice President & Company Secretary	Total
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.69	0.50	2.19
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	0.13	0.53
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Others: Contribution to Provident Fund and Insurance	0.06	0.02	0.08
	Total	2.15	0.65	2.80

(The Company does not have Sweat Equity/Scheme for stock option. Commission-Not Applicable)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

On behalf of the Board of Directors

New Delhi
Date : 16th May, 2017

Bharat Hari Singhania
Chairman

Annexure 2

ANNUAL REPORT ON THE CSR ACTIVITIES UNDERTAKEN BY THE COMPANY DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2017

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs-

   The Company has been one of the foremost proponents of inclusive growth and has been undertaking projects for overall development and welfare of the society through its CSR initiatives in areas pertaining to promoting preventive healthcare, education, rural development, environmental sustainability and conservation of natural resources, etc.

   The Company has framed a CSR Policy as required under Section 135 of the Companies Act 2013. The details of the CSR Policy has been posted on the website of the Company and the web-link for the same is http://www.jkpaper.com/images/pdf/Corporate-Social-Responsibility-Policy.pdf

2. The Composition of the CSR Committee:

   The CSR Committee comprises of the following Directors:

   • Shri Harsh Pati Singhania (Chairman of the Committee), Non-independent

   • Shri Shailendra Swarup, Independent

   • Shri O.P.Goyal, Non-independent

3. Average Net Profit/(loss) of the Company for last three financial years: (Rs 14.02) crore.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Not Applicable

5. Details of CSR spent during the financial year

   a. Total amount to be spent for financial year : Not Applicable

   b. Amount unspent, if any : Nil

   c. Manner in which the amount spent during the financial year:
      The Company has undertaken various CSR activities during the Financial year 2016-17, as stated in the CSR Report forming part of the Annual Report and has spent Rs.1.19 crore towards such activities even though, the company was not required to spend towards CSR since it incurred an average net loss during the three immediately preceding financial years.

6. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

(O.P.Goyal)
Whole-time Director

(Harsh Pati Singhania)
Chairman, CSR Committee

Date: 16th May 2017

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
JK Paper Limited,
P.O. Central Pulp Mills - 394660
Fort Songadh, Dist. Tapi, Gujarat

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JK Paper Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 (Audit Period), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines,1999 -(Not applicable to the Company during the Audit Period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- (Not applicable to the Company during the Audit Period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- (Not applicable to the Company during the Audit Period),

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- (Not applicable to the Company during the Audit Period); and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Management has identified and confirmed the following laws as being specifically applicable to the Company, which have been complied with:

(a) Paper and Paper Board Cess Rules, 1981

(b) Indian Forest Act, 1927

I have also examined compliance with the applicable clauses of the following:

(i) Mandatory Secretarial Standard 1 and Secretarial Standard 2 issued by the Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act. (Not applicable during the audit period)

Adequate Notice is given to all directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda are also sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that, based on review of compliance mechanism established by the Company and on the basis of compliance certificates issued by the Company Executives and taken on record by the Board of Directors and Audit Committee at their meetings, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period, the Company has -

(i) Obtained Members' approval, pursuant to sections 196, 197 and 198 of the Companies Act, 2013 by means of a Special Resolution passed on 14 September, 2016 for re-appointment of and payment of remuneration to Shri Harsh Pati Singhania as Vice Chairman & Managing Director of the company for the period from 1 January, 2017 to 31 December, 2021.

(ii) Obtained Members' approval by means of Special Resolutions passed by Postal Ballot on 5.12.2016 (a) pursuant to sections 42, 62 and 71 of the Companies Act, 2013 for issue of Non Convertible Debentures alongwith Warrants, Equity Shares etc. upto Rs. 500 crores to Qualified Institutional Buyers & (b) Re-classification of its existing Authorised Share Capital of Rs. 500 crores into Equity share capital of Rs. 300 crores and Preference share capital of Rs. 200 cores.

(iii) Obtained Members' approval, pursuant to sections 62 and 71 of the Companies Act, 2013 by means of a Special Resolution passed on 10 June, 2016 to issue Foreign Currency Convertible Bonds and/or other similar securities.

(iv) Increased paid up Equity share capital to Rs. 155.96 crores after allotment of 74,28,240 equity shares on conversion of Foreign Currency Convertible Bonds (Series 2).

(v) JK Enviro-tech Limited, a subsidiary, became wholly owned subsidiary of the company.

(vi) JK Paper International (Singapore) Pte. Ltd. (formerly Habras International (Singapore) Pte. Ltd.) a subsidiary, became wholly owned subsidiary of the company.

(vii) Oji JK Packaging Pvt. Ltd. ceased to be Associate of the company.

Place: New Delhi
Date: 16th May, 2017

Namo Narain Agarwal
Secretarial Auditor
FCS No. 234, CP No. 3331

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
JK Paper Limited,
P.O. Central Pulp Mills - 394660
Fort Songadh, Dist. Tapi, Gujarat

My report of even date on Secretarial audit for the financial year ended 31st March, 2017 is to be read along with this letter stating that -

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: New Delhi
Date: 16th May, 2017

Namo Narain Agarwal
Secretarial Auditor
FCS No. 234, CP No. 3331

Annexure 4

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo in terms of section 134 (3) (m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014.

A) CONSERVATION OF ENERGY

i. The steps taken for conservation of energy:

(1) Heat Recovery from Bleach Plant Effluent (2) Power saving in Recovery Boiler and causticizing plant using VFD (3) Energy saving by replacement of old Halide lights and MV lamps by LED in the mill (4) Energy saving by Installation of new energy efficient motors in the mill (5) Saving of steam in Bleaching plant by using hot water (6) Recovery boiler CBD tank flash steam recovered in Deaerator.

ii. The capital investment on energy conservation equipments:

The Company has invested Rs. 448.55 Lac for energy conservation equipments during the year.

B) RENEWABLE ENERGY

The steps taken by the company for utilizing alternate sources of energy:

Concentrated black liquor contains carbohydrates (Lignin) extracted from wood and sodium salts bonded with carbohydrates from the cooking chemicals added at the digester. Combustion of the organic portion of Black liquor solids produces heat in the recovery boiler, heat is used to produce high pressure steam, which is used to generate electricity in a turbine. Turbine extraction Medium & low pressure steam is used for process heating. Black liquor solids as a fuel has been confirmed as renewable biomass fuel by Ministry of New & Renewable Energy, Government of India. About 22% of the energy requirement at Unit CPM and 57% at Unit JKPM is being met by this renewable source.

C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

i. The efforts made towards technology absorption:

1. Continuous starch preparation installed for improved properties.
2. Auto dosing of dyes & filler for better quality consistency.
3. Adopted more VFD in different areas for energy conservation.
4. In addition to Bamboo and wood dust, use of Rice Husk as Biomass fuel supplementation for Power generation as a result overall Fly Ash generation reduced.
5. 100% Fly ash is being used for making fly ash bricks by Brick Manufacturing Units.
6. Old brown stock washer replaced with new repple deck design to improve pulp production rate.
7. Successful trials of New chemicals for improved stiffness & print performance.
8. Use of clear water in LP shower by providing Auto back flush filter for reduced water consumption.
9. R.O. System installed for trim squirt nozzles to reduce paper breaks.
10. Implemented Barcode system, for better Inventory management .
11. Switched on to Colour Code Labels on Products and Labels.

ii. The benefits derived as a result of above efforts:

The initiatives have enabled the company in terms of product & quality improvement, cost reduction, product development and enhance customer satisfaction.

iii. Research & Development:

During the year, the Company has spent Rs. 4.37 Crore on Research & Development. The company performed various Research & Development activities. Various trials were conducted on the shop floor to upgrade the existing quality of product to meet the customer perception and maintain quality and product leadership.

1. New Products developed and introduced during the current year.
   a) C1S Paper for Carry Bag -125/130 GSM
   b) High Finesse ' Lumina' - 60 GSM with high smoothness
   c) Pigmented Paper – 70 ,75 & 80 GSM
   d) JK Carry - 90-120 gsm
   e) JK Dark Buff - 200 gsm
   f) JK FAB Print - 85-140 gsm
   g) Board for Ice-cream Application
   h) Board for Wedding Card

2. R & D activities in Plantation
   a) Developed & commercially released Eucalyptus clone having wood productivity of 40-50 M3/Ha/year under irrigated conditions & higher bleached pulp yield.
   b) Released Subabul specific nitrogen fixing Rhizobium (Bacterial culture) namely CB-3126. This Rhizobium inoculation is being provided to farmers with Subabul seeds to enhance their wood productivity per unit area.
   c) Hybridization programme between Leucaena luecocephala & L. collinsii was carried out for developing resistance to psyllid insect & wood productivity enhancement. We have obtained hybrid seeds from these crosses. Hybrid vigor is being tested by DNA fingerprinting & field progeny trials.
   d) Induced gamma rays mutation in Subabul & Eucalyptus clones for further wood productivity & fibre yield enhancement. Field trials are placed for further testing.

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

Rs. in Crore (10 Million)

(a)	Foreign Exchange earned	215.14
(b)	Foreign Exchange outgo:	
	- CIF Value of Imports	457.17
	- Others	25.57

On behalf of the Board of Directors

New Delhi
Date : 16th May, 2017

Bharat Hari Singhania
Chairman

Annexure 5

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended vide MCA notification dated 30th June 2016, for the FY 2016-17 ended 31st March 2017:

A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company- (a) Non-Executive Directors: Shri Bharat Hari Singhania, Chairman, 16.64; Shri Arun Bharat Ram, 3.07; Shri Dhirendra Kumar, 2.94; Shri M.H. Dalmia, 2.85; Shri R.V. Kanoria, 3.37; Shri Sandip Somany, 2.69; Shri Shailendra Swarup, 3.15; Shri Udayan Bose, 3.10; Smt. Vinita Singhania, 2.90; and Shri Wim Wienk, 2.74 (b) Executive Directors: Shri Harsh Pati Singhania, VC & MD, 435.18 and Shri O.P. Goyal, WTD, 109.32.

B. The percentage increase in remuneration of each director, chief finance officer, company secretary - Shri Bharat Hari Singhania, Chairman, 144%; Shri Harsh Pati Singhania, VC & MD, 158%; Shri O.P. Goyal, WTD, 46%; Shri Arun Bharat Ram, 48%; Shri Dhirendra Kumar, 49%; Shri M.H. Dalmia, 63%, Shri R.V. Kanoria, 50%, Shri Sandip Somany, 46%, Shri Shailendra Swarup, 61%, Shri Udayan Bose, 47%, Smt. Vinita Singhania, 57%, Shri Wim Wienk, 52%, Shri V. Kumaraswamy, CFO, 43%, and Shri Suresh Chander Gupta, VP & CS, 45%.

C. The percentage increase in the median remuneration of employees - 12.22%. The number of permanent employees on the rolls of Company - 2511.

D. Average percentage increase in the salaries of employees other than the managerial personnel in the financial year 2016-17 was 13% and increase in the managerial remuneration for the same financial year was 123%. Higher increase in managerial remuneration is due to profit linked commission and performance linked incentive as per scheme of the Company.

E. We affirm that the remuneration paid during the year 2016-17 is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management of the Company.

Annexure 6

The particulars in respect of the deposits covered under Chapter V of the Companies Act, 2013 for the financial year ended 31st March 2017:

(a) Accepted during the year -Rs.11.47 crores;

(b) Remained unclaimed as at the end of the year – Rs.0.59 crores;

(c) Default in repayment of deposits or payment of interest thereon at the beginning of the year and at the end of the year – Nil; and

(d) Details of deposits which are not in compliance with the requirements of Chapter V of the said Act – Nil.

On behalf of the Board of Directors

New Delhi
Date : 16th May, 2017

Bharat Hari Singhania
Chairman

Management discussion and analysis

GLOBAL ECONOMIC OVERVIEW

Global economy growth continued to stagnate following slow trades, low investments and policy uncertainties in advanced economies. The 2016 fiscal was defined by the UK's decision to leave the EU and the election of Donald Trump as the US President. Both events are expected to have long-term effects on the global economy. Consumers largely continued to spend cautiously with expenditure increasing by just 2.4% in real terms over 2015, well below the corresponding increase in disposable incomes. However, the Asia-Pacific region saw a marked increase in expenditure.

Global growth in 2016 was estimated at 3.1% by the IMF and was projected to rise to 3.5% in 2017. Growth in emerging markets and developing economies is expected to pick up in 2017on the back of the removal of a number of obstacles for commodity exporters and continued domestic demand for commodity importers. The main factors that could possibly weigh on the medium-term growth prospects across many emerging markets and developing economies are weak investments and below par levels of productivity.

INDIAN ECONOMIC OVERVIEW

India emerged as a 'bright spot' in an otherwise subdued world economy when it overtook China in 2015-16 as the fastest-growing major economy in the world. Though India's fundamentals still remain strong, the recent demonetisation initiative undertaken by the Indian Government is expected to lower India's GDP from 7.6% in FY16 to 6.8% in FY17. The IMF mentioned that cash shortage and slowed private consumption would only be a temporary disruption and the otherwise healthy economy will return to familiar territories post the predicted slowdown in FY17. The Indian Government's decisive policy manouvres towards ensuring fiscal consolidation and pegging back inflation will help it maintain economic stability in the years ahead. India's IIP growth was 5% in 2016-17 against previous estimates of 0.7%. FDI inflows crossed $43 billion in 2016-17, the largest in a single year, since the launch of MII inflows have corssed $100 billion

OUTLOOK

Interestingly, India's fundamentals are expected to emerge stronger following digitisation, GST implementation, favorable monsoons, stable crude oil prices, stronger supply chain linkages and renewed consumer confidence. In view of these realities, India is likely to retain its position as the fastest growing major economy with a projected GDP growth rebound to 7.2% in FY18. The proposed GST implementation should catalyse inter-state trade, enhancing investments, reducing supply chain-related issues, enhancing scale-based economies-of-scale, moderating overheads and adding about 150 bps to GDP growth.

GLOBAL PAPER INDUSTRY OVERVIEW

Global paper consumption stood at~407.5 million tonnes, roughly equal to the amount of paper produced. China remained the largest paper and paperboard consumer in the world (>100 million metric tonnes) followed by the United States (>71 million tonnes). Global demand for paper and paperboard is forecast to grow to 482 million tones by 2030. Although the demand for newsprint has been shrinking, tissue paper, containerboards and carton boards continue to see a surge in demand. Dwindling demand in markets such as Japan, North America and Western Europe is expected to be offset by buoyant demand in emerging markets such as India and China.

INDIAN PAPER INDUSTRY OVERVIEW

Despite having a capacity to produce ~13 million tonnes per annum and a turnover of ~Rs. 50,000 crore, the Indian paper industry accounts for a mere 3% of the global aggregate. This sector provides direct unemployment to more than 5 lac people, and indirectly to 15 lac people. The Indian paper industry is highly fragmented with over 750 paper mills. However, only 50 of these mills have a capacity of 50,000 metric tonnes per annum or more. ~70% of the total installed capacity is spread across the states of Gujarat, West Bengal, Odisha, Andhra Pradesh, Karnataka and Maharashtra. The organised sector had an installed capacity of 4.1 million tonnes per annum in FY2015-16 and was running at capacity utilisation of 90%. An increase in consumption by just 1 kilogram per capita could lead to an increase in demand by 1.25 million tonnes per annum.

In the last five years, between Rs. 20,000 crore and Rs. 25,000 crore was invested in the Indian paper sector towards capacity enhancement & technology upgradation. This capacity expansion is already being absorbed due to the rising demand for paper in India. Nonetheless, there is room for a million tonnes of integrated pulp, paper and paperboard capacity to be created every year to meet the growing demand. This investment could result in a gross capital formation of Rs. 8,500 crore per annum and provide direct employment to an additional 15,000 people per year.

OUTLOOK

The per capita paper consumption in India is only 11.5 kilograms as opposed to a global average of 58 kilograms, highlighting ample room for growth. Moreover, with India reinforcing its status as one of the fastest-growing major economies as well as the fastest-growing paper market (~6% per annum), it is expected that paper consumption could grow over 50% to ~20 million tonnes by 2020 and to ~23.5 million tonnes by 2024-25.

GROWTH DRIVERS

Economic development: The Indian economy is expected to grow at a rate of >7% over the next few years. This growth in GDP will also result in a growth in the key manufacturing sectors, creating a larger demand for paper.

Increasing literacy: The union government continued its resolve to improve literacy in India through its various initiatives such as Sarva Shiksha Abhiyan, such initiatives are not only going to improve the enrolment numbers but also improve paper consumption in a big way.

Growing consumerism: With India forecast to become the fifth-largest consumer market by 2025 on the back of increasing disposable incomes and changing lifestyles, paper consumption is expected to strengthen.

Booming e-commerce: India's e-commerce market is growing at a rate of 51% and is expected to jump to $120 billion in 2020. Consequently, demand for packaging such as cartons, corrugated boxes, labels, invoices and envelopes will increase and give a further impetus to the paper industry.

THE IMPORT THREAT

Higher cost of raw material , fuel, logistics and capital increased India's dependence on imports, causing existing capacities to remain under-utilised. During the past five years, imports rose at a CAGR of 11.4% in value terms (from Rs. 7,152 crore in 2010-11 to Rs. 12,284 crore in 2015-16), and 7.9% in volume terms (from 1.8 million tonnes to 2.6 million tonnes over the same period). Import duties on paper and paperboard from ASEAN reduced from a base rate of 10% to nil(with effect from 1st January, 2014), resulting in import growth of about 40% per annum. The combination of these factors could threaten local viability.

BUDGETARY SUPPORT

The governmental outlay towards education increased by 9.9% to Rs. 79,685.95 crore. Of this, Rs. 46,356.25 crore was mandated to be spent towards primary education. Sarvaa Shiksha Abhiyan, the flagship central scheme for universalisation of school education, was allocated Rs. 23,500 crore for the year, up from Rs. 22,500 crore

SATISFYING CUSTOMERS

The Company provides best-in-class products. JK Paper's technical service team works closely with printers and jobbers, advising them through regular training programmes and roadshows. Besides imparting product knowledge to customers, these programmes also helped the Company gain market insights.

BEING RESPONSIBLE

JK Paper pioneered the adoption of cutting-edge environment-friendly technologies. As a result, the per tonne chemical, power and water consumption levels reduced drastically. Both the company's production units are ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007-certified. Occupational health and safety standards are complied with through periodic safety audits and internal TPM audits.

The installation of a 3,000 cubic metre per day capacity sewage treatment plant at the Unit JKPM made it possible for the Company to monitor effluent generation in the Jaykaypur area. The Company also operationalised an online monitoring system to assess real-time air quality, flue gas quality and treated effluent quality and transmit the data to the servers of the State and Central Pollution Control Boards in real time. The Unit CPM's usage of treated effluent water for irrigation purposes (agriculture and plantation) covered a large number of farmers and additional acreage. Apart from resulting in a reduction in freshwater usage, this enhanced yields in the area. A recharging-cum-rainwater-harvesting system and solar heaters were installed in the hinterland of the Company's mills, highlighting the Company's eco-friendliness. In a bid to improve the living standards in the nearby communities, JK Paper undertook undertaken several initiatives in the areas of education, livelihood and healthcare.

MARKET PRESENCE

The Company worked to continuously exceed customer expectations in terms of product quality and client servicing. It not only strengthened foothold in existing segments but also launched new products to address emerging needs. The company with a strengthened distribution network of 191 wholesalers, having a proportion of non metro to metro wholesales of 66% to 34%, helped in reaching out to new markets and customers directly and faster.

Copier and office papers : JK Copier continues to be India's largest-selling premium paper brand. JK Paper's leadership in the category has been indicated by the fact that the additional volume resulting from capacity expansion has been readily absorbed in the marketplace, increasing its market share to 24%. The Company has also aggressively forayed into the lower tiers of the copier market through its brand 'JK Max' which has gained immense popularity among jobbers. The quality of the Company's branded copier paper manufactured at the Unit JKPM is respected not only in India but also in Middle East, Sri Lanka, and other countries including USA. The Company achieved exports of 3500 tonnes per month during the year. Irrespective of import threats and other challenges, all copier brands of the Company (JK Copier, JK Easy Copier, JK Cedar, JK CMax, JK Sparkle and JK Max) performed extremely well in their respective market and price segments. This was possible due to efficient planning, channel expansion. relationship management and strategic positioning of the copier range. ,

Packaging boards: Growth in India's retail, consumer and e-commerce segments catalysed the demand for packaging boards. The result was that the nation's high-end packaging segment reported growth of 13.7% per annum in 2016-17. The country encountered a substantial increase in boards capacity by more than 50 percent in the short space of 18 months. For the year, JK's packaging brands 'JK Ultima' and 'JK TuffCote' retained market shares in their markets by regularly interacting with customers, servicing them in a timely manner and being flexible in dealings.

Coated papers: India is counted among the top seven publishing nations. The advancement in technology and expansion of India's skilled manpower pool has made the country a major outsourcing hub for global printers and publishers. However, the advent of the digital age and the threat of imported products is a challenging reality. The Company maintained its market leadership by identifying new customer segments, providing tailor-made solutions, guaranteeing on-time deliveries and offering proactive after-sales service. Consequently, ' JK Cote' continued to be a popular choice among customers.

Maplitho papers: The Company was able to scale capacities through a keen emphasis on quality control and product development. While brands like JK Finesse, JK Lumina, JK Envelope, JK Green Maplitho catered to incipient customer needs, brands like JK Easy Draw, JK Elektra and JK UltraPrint established their presence in the core segments. The company added maplitho finishing capability (reeling and sheeting), which enhanced availability, quality and customized output.

Outsourcing: The Company's strategy to supplement in-house production and satisfy the diverse needs of customers through outsourcing proved business-enhancing. The outsourcing made it possible for the company to offer products not manufactured within. The Company ramped outsourcing volumes and offered a wide range of coated paper products. Even as revenues from outsourced products increased from 3 per cent of sales to 7 per cent.

BRANDING AND DISTRIBUTION

The Company added 8 distributors and opened 14 depots. This large network was instrumental in helping the Company carve out leadership in respective product categories. The Company initiated various branding activities, increasing its digital presence through its Facebook page. The company conducted a number of initiatives to enhance visibility and recall.

RAW MATERIAL MANAGEMENT

By sourcing the bulk of the raw materials from areas near the factory, the Company gradually decreased raw material costs by 4.5%. At the Unit CPM in Gujarat, self-sufficiency was achieved in terms of raw material sourcing from within a 200 kilometre-radius. These measures gained added relevance in the aftermath of coal linkage costs spiraling during the past few years. However, assured availability from Coal India collieries throughout the year reduced JK Paper's dependence on third parties and resulted in savings.

AFFORESTATION

In order to ensure long-term raw material availability, the Company made a concerted effort to acquire hardwood from farm forestry projects within a 200 kilometre-radius of its mills. Most areas were planted with Eucalyptus, Subabul and Casuarina. . The Company's efforts cumulatively resulted in the plantation of over 1.5 lac hectares in Gujarat, Maharashtra, Chattisgarh, Odisha and Andhra Pradesh. As per the Global Forest Study, the Company raised the share of industry-induced social farm forestry output in India by ~11%. This also created direct and indirect employment for the poorest sections of the society. Unrelenting R&D activities allowed the in-house clonal sapling production level to increase to 72.4 million. Field trials of Casuarina equisetifolia and Lucaenea leucocephala commenced in September 2014 under a cess-approved IPMA project in collaboration with IFGTB, Coimbatore. JK Paper is already working on clonal trials for sevaral variants sourced during the past few years. One of the eucalyptus clones CPM-U283 reported promising growth by achieving maturity within three years of planting. Work commenced with Subabul clones enjoying higher yields and offering better farmer returns.

FINANCIAL HIGHLIGHTS

(Rs. crore)

	2016-17	2015-16
Gross sales	2,989.37	2,881.45
Net sales	2,736.83	2,548.34
Profit before interest and depreciation (PBIDT)	538.88	401.66
Profit before depreciation and tax (PBDT)	351.24	206.43
Profit/(Loss) before tax (PBT)	231.71	89.21
Profit/(Loss) after tax (PAT)	162.83	60.87

The company reported 7.4 per cent growth in net revenues to Rs 2,736.83 cr corresponded by 34.2 per cent increase in EBIDTA to Rs 538.88 cr and a 167.5 per cent increase in profit after tax to Rs 162.83 cr.

Strong Cash flows from operating activities coupled with working capital optimization have further improved the liquidity position of the company during the year. Also Conversion of Foreign Currency Convertible Bonds (FCCBs) Series 2 has also improved the liquidity for future growth opportunities. Better credit control measures have over the years reduced the receivable resulted in reduction in number of days receivables from 21 days of previous year to 15 days in current year in spite of higher sales volume. Cost of working capital funds was also managed well by using optimum utilization of working capital limits in vendor financing, buyer's credit facilities and Export packing credit facilities. During the Year CRISIL has assigned its rating on the bank facilities and debt instruments of JK Paper Limited at "CRISIL A/Stable" for Long term facilities and "CRISIL A1" for short term facilities. During the year Company has managed the interest rate and currency exposures in an efficient manner with the optimum mix of forwards, options and swaps.

RISK MANAGEMENT

Risk	Implication	Mitigation
Capacity underutilisation	The cost of manufacture of paper and paperboard has increased substantially in the recent past. This, in turn, has increased India's dependence on imports and resulted in existing production capacities remaining underutilised.	Greater focus on Marketing & Sales besides branding initiatives have enabled the company to improve capacity utilization.
Lack of custom duties on imported paper	Effective since January 1st, 2014, all customs duties on imported paper and paperboard have been waived. Subsequently, the import of paper and paperboard, (excluding newsprint), into India from the ASEAN region has risen at a CAGR of 37.5% in value terms during the past five years.	The Company's technological expertise, vast scale and tactical material management have enabled it to decrease manufacturing costs and go head-to-head with imported products.
Environmental hazards	The growing demand for paper adds pressure on the Earth's last remaining natural forests and endangered species.	The adoption of latest technologies has enabled the Company to reduce its consumption of wood fiber, chemicals, power and water. Both of its production units are ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007- certified. Moreover, the Company installed a sewage treatment plant at its JKPM unit to further counter the threat of pollution.
Excessive water usage	Paper is a water-intensive industry. This can result in scarcity of water in areas next to mills.	Water consumption per tonne at the Company' mills have almost halved to to 50 cubic metres following the undertaking of decisive conservation measures and implementation of low water usage technology. We are also recycling treated effluent water for irrigation need of farmers and plantation area around the factory on free of cost basis
Growing digitisation	An increasing focus on digitization has decreased the demand for paper.	Digital media still has a lot of ground to cover, especially in terms of penetration in rural areas. On the flip side, digitisation is expected to accelerate literacy as well as ease of doing business in rural areas thereby potentially unleashing new demand and growth frontiers.
Long gestation periods	The paper industry has a longer gestation period for infrastructure.	JK Paper has commissioned state-of-the-art machinery to ensure qualitative consistency and lower operating costs.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate and effective internal control mechanism in place. It has a corporate internal audit team consisting of qualified professionals and system experts which reviews the internal control systems on a regular basis to improve its effectiveness besides verifying statutory compliances. The Company appointed external Audit firm as its internal auditor. Based on the annual internal audit programme approved by audit committee of the Board, regular internal audits are conducted covering all offices, factories and key areas of the business. The audit committee regularly reviews the findings of the audit team and discusses the actions taken with management in addition to reviewing the effectiveness of Company's internal controls and monitoring implementation of audit recommendations.The Company also has a comprehensive budgetary functions control system. Key performance goals are set for each of the units and product lines. The performance against these goals are monitored and reviewed on a periodic basis and corrective actions as needed are initiated.The Company has in place adequate internal financial controls with reference to financial statements and no material reportable weakness was observed in the system during the year. In addition, the Company is in the process of implementing enterprise wide Compliance monitoring software tool which will capture all applicable statutory compliances.

HUMAN RESOURCE MANAGEMENT

Skill development was sighted as one of the key areas in human resource development. The other area where human resources function focused on was automation of HR processes. Few key processes like implementation of in-house developed HRMS, online performance management system, goal setting, biannual review and online leave management system at the head office and at the branches was successfully completed. Recognising the importance of the role played by sales staff of the channel partners, the Company started to upgrade their soft skills (presentation, team management and negotiation, among others) across four zones. Maximising workplace engagement of employees was a top priority for the HR department. To ensure this, the Company operationalised practices like competency assessment, focused learning and development and career planning to fast track growth of outstanding employees. Rewards and recognition and succession planning helped emphasise this further. To track engagement levels, an employee satisfaction survey is undertaken bi-annually. As part of the ESS action plan, continuous employee engagement activities were organised regularly. The annual 'Udaan' competition, which has been initiated to unleash the innovative potential of the Company's workforce, witnessed enthusiastic participation across locations. Some of the ideas thrown up by the young brigade were found to be promising and will be implemented eventually.

CAUTIONARY STATEMENT

The 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 demand, modify or revise any forward looking statements, on the basis of any subsequent development, information or events.

Corporate Governance Report

1. 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 two are Executive Directors and ten are Non-executive Directors. Out of ten Non-executive Directors, six are Independent Directors. Details are as given hereunder:

Name of the Director	Category	No. of Board Meetings attended during 2016-17	Whether attended last A.G.M. (14.09.2016)	No. of other Directorships and Committee Memberships / Chairmanships		
				Other Directorships$	Other Committee Memberships**	Other Committee Chairmanships**
Sh. Bharat Hari Singhania, Chairman	Non- Executive non-Independent	5	Yes	4	1	-
Sh. Harsh Pati Singhania, Vice Chairman & Managing Director	Executive	5	Yes	2	-	-
Sh. Arun Bharat Ram ◊	Independent	3	No	3	1	-
Sh. Dhirendra Kumar	Non- Executive non-Independent	4	No	5	2	-
Sh. M.H.Dalmia ◊	Independent	4	No	-	-	-
Sh. R. V. Kanoria ◊	Independent	5	Yes	7	4	1
Sh. Sandip Somany ◊	Independent	2	No	3	-	-
Sh. Shailendra Swarup ◊	Independent	5	No	5	2	-
Sh. Udayan Bose ◊	Independent	4	Yes	1	-	1
Smt. Vinita Singhania	Non- Executive non-Independent	5	Yes	4	-	-
Sh. Wilhelmus Johannes Maria Wienk (nominee of FCCB Holders)	Non-Executive non- Independent	3	No	-	-	-
Sh. O. P. Goyal, Whole-time Director	Executive	5	Yes	-	-	-

◊ The appointment of Independent Directors is in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

$ Excluding Private Ltd Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013. Independent Directorships held by the Directors are in accordance with the Listing Regulations.

** Only covers Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee.

Shri Bharat Hari Singhania, Chairman & Shri Harsh Pati Singhania, Vice Chairman & Managing Director are related to each other.

Date and number of Board Meetings held

Five Board Meetings were held during the year 2016-17 i.e., on 6th May 2016, 2nd July 2016, 25th July 2016, 27th October 2016 and on 21st January 2017.

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 provisions of Regulation 17(5) of the Listing Regulations, 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 of the Company (www.jkpaper.com). All the Board Members and Senior Management Personnel have affirmed compliance with the said code. This report contains a declaration to this effect signed by Vice Chairman & Managing Director. The Board is also satisfied that plans are in place for orderly succession for appointments to the Board and to senior management.

3. SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 21st January 2017. Shri Arun Bharat Ram was unanimously elected as Chairman of the meeting and all the six Independent Directors of the Company were present at the said Meeting.

4. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In accordance with the provisions of Regulation 25(7) of the Listing Regulations, the Company has been conducting various familarisation programmes for Independent Directors. The details of such familarisation programmes for Independent Directors have been disclosed on the website of the Company, the web link for which is http://www.jkpaper.com/images/pdf/Familiarisation%20 Programme%20of%20INDs.pdf.

5. PERFORMANCE EVALUATION

The Board of Directors has made formal annual evaluation of its own performance, and that of its committees and Individual Directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed under the Listing Regulations.

Performance of the Board was evaluated after seeking inputs from all the Directors on the basis of the criteria such as adequacy of its composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as composition of committees, terms of reference of committees, effectiveness of the committee meetings, participation of the members of the committee in the meetings, etc.

The Board and the Nomination and Remuneration Committee also carried out evaluation of the performance of individual directors on the basis of criteria such as attendance and effective participation and contributions at the meetings of the Board and its committees, exercise of his/her duties with due & reasonable care, skill and diligence, etc.

In a separate meeting of the Independent Directors of the Company, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors of the Company. The Chairman of the Meeting of the Independent Directors apprised the Board about the evaluation carried by it and that the Independent Directors were satisfied in this regard.

6. AUDIT COMMITTEE

The composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

The Committee presently consists of four Directors, out of which three are Non-executive Independent Directors and one is Executive Director. Four meetings of the Audit Committee were held during the year 2016-17 as detailed hereunder:

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of members attended
6th May 2016	4
25th July 2016	3
27th October 2016	4
21st January 2017	4

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri Udayan Bose	Chairman	4
Shri Arun Bharat Ram	Member	3
Shri R.V.Kanoria	Member	4
Shri Dhirendra Kumar*	Member	2
Sh. O. P. Goyal*	Member	2

* Sh. O. P. Goyal became a member and Shri Dhirendra Kumar ceased to be a member of the Committee w.e.f. 25th July 2016.

All the Committee Meetings were attended by the Head of Internal Audit, Vice President & Company Secretary and the representative of Statutory Auditor. The Head of Finance Function also regularly attends the Committee Meetings. The Vice President & Company Secretary acts as the Secretary of the Committee.

7.1 NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently consists of four Directors, out of which three are Non Executive Independent Directors namely Shri Arun Bharat Ram, (Chairman), Shri R.V. Kanoria and Shri Udayan Bose and one is Non Executive Non-Independent Director namely Shri Dhirendra Kumar. The Composition and the terms of reference of the committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Two meetings of the Nomination and Remuneration Committee were held during the year 2016-17 as detailed hereunder:

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of members attended
6th May 2016	3
21st January 2017	4

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri Arun Bharat Ram	Chairman	2
Shri R.V.Kanoria	Member	2
Shri Udayan Bose	Member	2
Shri Dhirendra Kumar*	Member	1

*Shri Dhirendra Kumar became a member of the Committee w.e.f. 25th July, 2016.

7.2 NOMINATION AND REMUNERATION POLICY

In accordance with the provisions of the Companies Act 2013 and the Listing Regulations, the Company has put in place the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management of the Company including criteria for determining qualifications, positive attributes, independence of a Director as well as a policy on Board Diversity. The policy provides as follows:

(i) The Nomination and Remuneration Committee of Directors (the Committee) shall take into consideration the following criteria for recommending to the Board for appointment as a Director of the Company: (a) Qualifications & experience. (b) Positive attributes like respect for Company's core values, professional integrity, strategic capability with business vision, etc. (c) In case the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as Independent Director as per the applicable laws & regulations. (d) The incumbent should not be disqualified for appointment as Director pursuant to the provisions of the Act or other applicable laws & regulations.

(ii) The Committee will recommend to the Board appropriate compensation to Executive Directors subject to the provisions of the Act, Listing Regulations and other applicable laws & regulations. The Committee shall periodically review the compensation of such Directors in relation to other comparable companies and other factors, the Committee deems appropriate. Proposed changes, if any, in the compensation of such Directors shall be reviewed by the Committee subject to approval of the Board.

(iii) The Board will review the performance of a Director as per the structure of performance evaluation adopted by the Board for Directors including Executive Directors.

(iv) The Committee will review from time to time Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management in the Company. The Company will keep succession planning and board diversity in mind in recommending any new name of Director for appointment to the Board.

(v) The eligibility criteria for appointment of Key Managerial Personnel (KMPs) and other senior management personnel shall vary for different positions depending upon the job description of the relevant position. In particular, the position of KMPs shall be filled by senior personnel having relevant qualifications and experience. The Compensation structure for KMPs and other senior management personnel shall be as per Company's remuneration structure taking into account factors such as level of experience, qualification and suitability which shall be reasonable and sufficient to attract, retain and motivate them. The remuneration would be linked to appropriate performance benchmarks. The remuneration may consist of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

7.3 REMUNERATION PAID TO DIRECTORS

A. Executive Directors

The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Fund for the financial year ended 31st March, 2017 to the Vice Chairman & Managing Director and the Whole-time Director is as follows: Shri Harsh Pati Singhania, Rs. 5.16 crore plus Rs. 8.74 crore payable as commission and performance linked incentive as applicable; and Shri O. P. Goyal, Rs. 2.47 crore plus Rs. 1.02 crore payable as commission and performance linked incentive as applicable.

The Company does not have any Stock Option Scheme. In the case of Executive Directors, notice period is 6 months. Severance fee for the Vice Chairman & 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. 16.75 lac to all Non-executive Directors for attending the meetings of the Board and/or Committees of Directors (including sitting fee for a separate meeting of Independent Directors), during the financial year 2016-17. In addition to sitting fees, commission of Rs. 50 lac is payable to Shri Bharat Hari Singhania, Chairman and Rs. 8 lac each to Shri Arun Bharat Ram, Shri Dhirendra Kumar, Shri R.V.Kanoria, Shri Udayan Bose, Shri Sandip Somany, Shri Shailendra Swarup, Shri Wim Wienk, Shri M.H.Dalmia and Smt. Vinita Singhania, in accordance with the Special Resolution passed by the members of the Company at the Annual General Meeting held on 14th September 2016. Number of Equity shares of Rs.10/- each of the Company held by the Non-Executive Directors: Smt. Vinita Singhania (87,500 Equity Shares).

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

8. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Committee presently consists of three directors, namely Shri R.V. Kanoria (Chairman), Shri Arun Bharat Ram and Shri O.P.Goyal, Whole-time Director. The Composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Four meetings of the said Committee were held during the year 2016-17 as detailed hereunder:

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of members attended
6th May 2016	3
25th July 2016	2
27th October 2016	3
21st January 2017	3

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri R.V.Kanoria	Chairman	4
Shri Arun Bharat Ram	Member	3
Shri O.P.Goyal	Member	4

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

Three complaints by a single shareholder were appearing on "SEBI SCORES" website at the beginning of the financial year i.e. 1st April 2016 with the status "ATR/Reply sent and pending with SEBI". Of these, one complaint was disposed by SEBI on 4th May 2016 and the remaining two complaints were disposed by SEBI on 5th July 2016. Five investor complaints were further received during the financial year ended 31st March 2017, all of 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 2017, 19 meetings of the said Committee of Directors were held.

9. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2013-14	P.O. Central Pulp Mills – 394 660, Fort Songadh, Distt. Tapi, Gujarat	27-09-2014	12.30 P.M.
2014-15	Same as above	24-09-2015	12.30 P.M.
2015-16	Same as above	14-09-2016	12.30 P.M.

(ii) None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

(iii) Two Special Resolutions were passed by way of Postal Ballot during the financial year ended 31st March 2017. The Company extended e-voting facility through Central Depository Services (India) Limited (CDSL), as an alternate for its Members to enable them to cast their vote electronically instead of dispatching physical postal ballot forms. Shri Namo Narain Agarwal, Company Secretary in practice was appointed as Scrutinizer for conducting the postal ballot/e-voting process. After receiving the Scrutinizer's Report, it was announced that both the Special Resolutions were passed with requisite majority on 5th December 2016. The voting patterns on the said resolutions are as under:

For Resolution No.1 - Issue of NCDs along with Warrants, Equity Shares and/or any other eligible securities in reliance upon Chapter VIII of the SEBI (ICDR) Regulations:

- % of votes cast in favour of the Resolution: 98.99%

- % of votes cast in against the Resolution: 1.01%

For Resolution No.2 - Re-classification of the Authorised Capital:

- % of votes cast in favour of the Resolution: 100%

- % of votes cast in against the Resolution: 0%

(iv) Special Resolutions passed in previous 3 Annual General Meetings:

(a) At the last Annual General Meeting of the Company held on 14th September 2016, Special Resolution was passed to re-appoint and approve the terms of remuneration of Vice Chairman & Managing Director of the Company for a period of five years with effect from 1st January 2017.

(b) At the Annual General Meeting of the Company held on 24th September 2015, Special Resolution was passed to re-appoint and approve the terms of remuneration of the Whole-time Director of the company from 7th September 2015 till 30th September 2018.

(c) At the Annual General Meeting of the Company held on 27th September 2014, Special Resolutions were passed:

(i) to authorize the Board of Directors to borrow money upto an amount not exceeding Rs. 3,500 Crores.

(ii) to authorize the Board of Directors to create mortgage/charges on the properties of the Company in favour of the lenders upto an amount not exceeding Rs. 3,500 Crores.

(iii) to approve the acceptance of deposits by the Company.

(iv)&(v) to approve the payment of minimum remuneration to Vice Chairman & Managing Director and Whole-time Director, in case of no profits or inadequacy of profits in any financial year or years, during the residual tenure of their appointments.

(vi) to approve the continuation of the holding of office or place of profit by Sh. Shrivats Singhania, a related party, upon his redesignation, w.e.f. 1st October 2014, on specified terms of remuneration.

10. DISCLOSURES

(i) **Related Party Transactions:** Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large. None

All the Related Party Transactions are dealt with in accordance with the provisions of the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

The Company has also formulated a policy on dealing with Related Party Transactions and also on the materiality of Related Party Transactions. This Policy is available on the website of the Company and the weblink for the same is http://www.jkpaper.com/images/pdf/Related-Party-Transaction-Policy.pdf.

Suitable disclosure as required by Indian Accounting Standard (IndAs)-24 on Related Party transactions has been made in the Annual Report.

(ii) 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

(iii) **Vigil Mechanism/Whistle Blower Policy:** The Board of Directors of the Company at its meeting held on 11th August 2014 has formulated a Vigil Mechanism/the Whistle Blower Policy for the Directors and Employees of the Company to report their genuine concerns or grievances relating to actual or suspected fraud, unethical behaviour, violation of the Company's Code of Conduct or Ethics Policy, and any other event which would adversely affect the interests of the business of the Company. Whistle Blowers may send their concerns/complaints to the Chairman of Audit Committee in a sealed envelope marked confidential, for appropriate action.

The details of establishment of such mechanism has been also disclosed on the website of the Company. It is affirmed that no personnel has been denied access to the Audit Committee.

(iv) **Prevention of Sexual Harassment of Women at Workplace:** Your Company is sensitive to women employees at workplace. As required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has a formal policy to ensure safety of women and prevention of sexual harassment and has set up a Complaint Committee at its work place(s) to redress the complaints of women employees.

During the year, no complaint has been filed with the said Committee with allegation of sexual harassment.

(v) **Risk Management:** The Company has an elaborate risk management system to inform Board Members about risk assessment and minimization procedures. A Risk Management Committee headed by President meets on regular basis and evaluates the efficacy of the framework relating to risk identification and its mitigation laid down by the Committee. Board Members are accordingly informed.

(vi) **Disclosure of commodity price risks and commodity hedging activities:** The Company manages fluctuations in raw material prices through stocking by advance procurement when the prices are perceived to be low and also enters into annual buying contracts as strategic sourcing initiative in order to keep raw material availability and prices under check.

(vii) **Subsidiary Companies:** The financial statements, in particular, the investments made by the unlisted subsidiary companies, if any, are reviewed by the Audit Committee of the Company.

The minutes of the Board meetings of the unlisted subsidiary companies are placed at the Board meeting of the Company. A statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies, if any, are also placed at the Board meeting of the Company.

The Company has formulated a policy for determining material subsidiary as required under Regulation 16 of the Listing Regulations and the same is disclosed on the Company's Website. The web link is http://www.jkpaper.com/images/pdf/Policy%20for%20Determining%20Material%20Subsidiary.pdf.

During the year, the Company did not have any material unlisted subsidiary as defined in Regulation 16 of the Listing Regulations.

(viii) **Corporate Social Responsibility Committee:** The Company has a 'Corporate Social Responsibility Committee of Directors' which comprises of three Directors out of which one is independent and two are Executive Directors. The composition and role of the Committee are in conformity with the provisions of Section 135 of the Companies Act, 2013. Two Meetings of the Committee were held during the financial year ended 31st March 2017 i.e., on 6th May 2016 and 21st January 2017.

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri Harsh Pati Singhania	Chairman	2
Shri Shailendra Swarup	Member	2
Shri O.P.Goyal	Member	2

11. MEANS OF COMMUNICATION

Quarterly, half yearly and annual financial results are normally published in the English Newspaper like Economic Times/Business Standard 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 website of the company "www.jkpaper.com". Management Discussion & Analysis forms part of the Annual Report.

Presentations made to institutional investors or to the analysts, if any, are promptly displayed on the website of the Company.

12. GENERAL SHAREHOLDERS' INFORMATION

(i) Annual General Meeting (AGM) :-

(a) Date and Time : Thursday, 14th September 2017 at 12.30 P.M.

Venue : P.O. Central Pulp Mills- 394660, Fort Songadh, Distt. Tapi, Gujarat.

(b) A brief resume and other particulars of Director(s) seeking re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.

(ii) Book Closure :

30th May 2017 to 1st June 2017 (both days inclusive)

(iii) Dividend Payment Date :

Within three weeks from AGM

(iv) Financial Calendar : Year Ending March 31

Annual General Meeting for the year ending March 31, 2018	Between June and September 2018

(v) Names and address of Stock Exchanges (including Stock Code) where equity shares of the Company are listed :

The Equity Shares of the Company are listed on the following Stock Exchanges :

BSE Limited (Stock Code-532162)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

National Stock Exchange of India Ltd. (Stock Code – JKPAPER)
"Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai-400 051

The annual listing fee for the financial year 2017-18 has been paid to both the aforesaid Stock Exchanges.

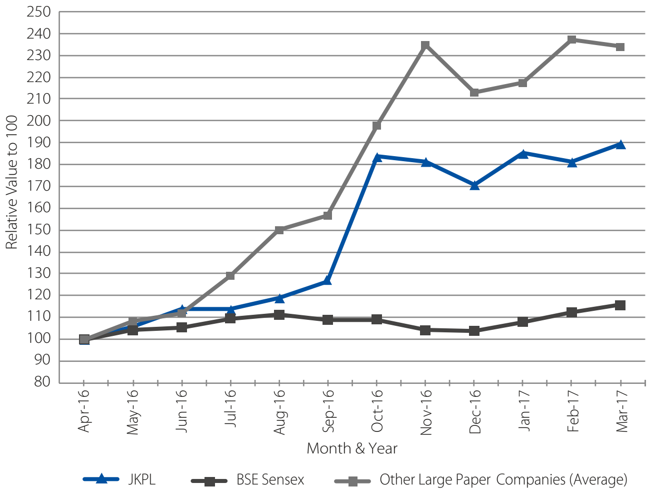
(vi) Stock Market Price Data :

Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
2016	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April	52.30	42.50	52.45	42.25
May	54.95	49.40	60.70	49.20
June	59.50	50.55	59.75	50.55
July	64.75	56.00	64.90	55.80
August	64.70	52.60	64.80	52.55
September	68.40	57.40	68.30	55.55
October	92.80	63.45	93.00	62.55
November	101.80	73.55	101.80	73.55
December	93.80	82.85	93.70	82.80

Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
2017	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January	98.85	84.50	98.80	84.25
February	100.40	88.40	100.50	88.25
March	104.65	88.10	104.75	88.00

(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 2016 to March 2017]



(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 2017, 97.21% 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 15 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 2017:

Number of Equity Shares held	Shareholders		Shares Held	
	Number	%	Number	%
1 to 500	20,424	77.84	29,18,374	1.87
501 to 1,000	1,992	7.59	17,07,813	1.09
1,001 to 5,000	2,998	11.42	66,77,216	4.28
5,001 to 10,000	387	1.48	28,72,117	1.84
Over 10,000	439	1.67	14,17,83,345	90.92
Total	26,240	100.00	15,59,58,865	100.00

(b) Pattern of Equity Shareholding (both in physical and electronic form) as on 31st March 2017:

Category	No. of Equity Shares held	Percentage of Shareholding
Domestic Companies	9,41,26,723	60.35
Resident Individuals & Trusts	3,28,26,626	21.05
FIs, Mutual Funds & Banks	43,16,796	2.77
Foreign Investors/FIIs/ NRIs	2,46,88,720	15.83
Total	15,59,58,865	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) (Series 3*, 4 & 5) aggregating to Euro 19.5 Million, issued by the Company on private placement basis to European Development Institutions on 30th May 2011 were convertible into 2,22,84,720 Equity Shares at a conversion price of Rs.56.37 per Equity Share of Rs. 10/- each, as on 31st March 2017. If the remaining FCCBs are not converted, they are repayable between 15th May 2017 to 15th May 2018.

** Series 3 of FCCBs of Euro 6.5 million which was due for redemption on 15th May 2017, has since been converted into 74,28,240 Equity Shares of the Company, till the date of this Report.*

(xii) Commodity price risk or foreign Exchange risk and hedging activities: During the financial year ended 31st March 2017, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts, swaps & options for hedging foreign exchange exposures against imports and exports.

(xiii) Plant locations :

(i) JK Paper Mills
Jaykaypur – 765 017
Distt. Rayagada (Odisha).

(ii) Central Pulp Mills
P.O. Central Pulp Mills - 394 660
Fort Songadh, Distt. Tapi (Gujarat)

(xiv) Address for correspondence for Share Transfer and related matters :

1. Registrar and Share Transfer Agent (RTA)
M/s MCS Share Transfer Agent Limited,
F-65, Okhla Industrial Area, Phase – I,
New Delhi-110 020
Ph. (011) 41406149-52
Fax No.(011)-41709881
E-mail: admin@mcsregistrars.com
Website: www.mcsdel.com

2. Vice President & 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) | Fax No. 91-11-23739475
Email : sharesjkpaper@jkmail.com
Website : www.jkpaper.com

(xv) This Corporate Governance Report of the Company for the financial year ended 31st March 2017 are in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.

(xvi) Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations- (a) Shareholder Rights: Half-yearly and other quarterly financial results are published in newspapers and uploaded on Company's website www.jkpaper.com. At present, the half yearly financial performance and the summary of the significant events in last six months are not sent to each household of shareholders; (b) Modified opinion(s) in audit report: The financial statements (both standalone and consolidated) of the Company for the year ended 31st March 2017 are with unmodified audit opinion; (c) Separate posts of Chairperson and CEO: Sh. Bharat Hari Singhania is the Chairman of the Company and Sh. Harsh Pati Singhania is the Vice-Chairman & Managing Director of the Company; and (d) Reporting of Internal Auditor: The Head of Internal Audit of the Company administratively reports to the President. However, his Internal Audit Reports are placed before the Audit Committee.

(xvii) The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub–regulation (2) of Regulation 46 of the Listing Regulations.

(xviii) Disclosure with respect to demat suspense account/ unclaimed suspense account

There were no shares in the demat suspense account or unclaimed suspense account during the financial year 2016-17.

13. 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 2017.

Harsh Pati Singhania

Vice Chairman & Managing Director

14. CODE FOR PREVENTION OF INSIDER TRADING

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct to Regulate, Monitor and Report Trading by Insiders, in terms of 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 ("the Company") for the year ended 31st March, 2017, as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the company including the preparation and maintenance of all relevant supporting records and documents. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the terms and conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2017.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

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

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

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S.S. Kothari Mehta & Co.

Chartered Accountants

Firm Registration No.: 000756N

K.S.MEHTA

Partner

(Membership No.008883)

Place : New Delhi

Date : May 16, 2017

Financial Statement

Independent Auditor's Report

To
The Members
JK Paper Limited

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of JK Paper Limited ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income). The Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements 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 including the Ind AS, of the financial position of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The balance sheet, the statement of profit and loss, the cash flow statement and the statement of changes in equity dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rule issued thereunder;

   (e) On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**, and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – refer note 37 to the standalone Ind AS financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 19 and 24 to the standalone Ind AS financial statements;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

      iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer note 63 to the standalone Ind AS financial statements.

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm's Registration Number: 000756N

K. S. Mehta
Partner
Membership Number: 008883

Place: New Delhi
Date: May 16, 2017

“Annexure A” to the Independent Auditor’s Report

The Annexure as referred in paragraph (1) ‘Report on Other Legal and Regulatory Requirements of our Independent Auditors’ Report to the members of JK Paper Limited on the standalone Ind AS financial statements for the year ended March 31, 2017, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management according to 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) The title deeds of immovable properties are held in the name of the Company, except in the following case:

Particular	Total No. of Cases	Gross Book Value (₹ In Crore)	Net Book Value (₹ In Crore)
Free hold Land*	1	20.24	20.24

*Also refer Note No. 2(a)

ii. We have been explained by the management that the inventory have been physically verified at reasonable intervals during the year. As far as we can ascertain and according to information and explanations given to us, the discrepancies, whenever material, noticed on such physical verification of inventory as compared to book records were properly dealt within the books of accounts.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. According to the information and explanations given to us, the Company have complied with the provisions of sections 185 and l86 of the Act with respect to the loans, investments made.

v. 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 73 to 76 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.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by Central Government for the maintenance of cost records under section 148(1) of the Act in respect to the Company’s products to which said rules are made applicable and are of the opinion that prima facie, the prescribed 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 or complete.

vii. (a) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, sales-tax, income tax, service tax, custom duty, excise duty, value added tax, cess and any other material statutory dues with the appropriate authorities to the extent applicable and further, there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at March 31, 2017.

(b) According to the records and information and explanations given to us, there are no dues in respect of income tax, sales tax, service tax, duty of excise, duty of custom, or value added tax which have not been deposited on account of any dispute except as given below:

Name of the statute	**Nature of dues**	**Period to which amount relates**	**Amount involved (₹ in Crores)***	**Forum where dispute is pending**
Central Excise Act, 1944	Central Excise	1981-1983	0.70	Deputy Commissioner Central Excise, Rayagada
		1982-1983	0.41	Supreme Court
		1986-1995	1.31	High Court, Cuttack
		2004-2007	0.07	High Court, Gujrat
		2005-2010	0.05	CESTAT Ahmedabad
		2007-2010	3.37	CESTAT Ahmedabad
		2008-2010	6.22	Commissioner Excise, Bhubaneswar
		2008-2012	0.69	CESTAT Ahmedabad

Central Excise Act, 1944	Central Excise	2009-2010	0.08	CESTAT Ahmedabad
		2010-2011	0.43	CESTAT Ahmedabad
		2011-2012	0.18	CESTAT Ahmedabad
		2011-2012	0.08	CESTAT Ahmedabad
		2012-2013	0.20	CESTAT Ahmedabad
		2012-2014	0.16	CESTAT Ahmedabad
		2013-2014	0.18	CESTAT Ahmedabad
		2014-2015	0.09	Commissioner (Appeals),Surat
		2015-2016	0.07	Commissioner (Appeals),Surat
		2014-2015	0.11	Commissioner (Appeals),Surat
Custom Act, 1962	Custom Duty	2011-2012 & 2012-2013	0.72	CESTAT Ahmedabad
Finance Act 1944	Service Tax	2007-2009	0.15	CESTAT Ahmedabad
		2009-2010	0.31	Commissioner (Appeals),Surat
Sales Tax	Sales Tax	1983-84/1987-88	0.05	Sales Tax Department- Delhi
		1997-98	0.10	Sales Tax Tribunal, Cuttack
		2002-2003	0.01	Deputy Commissioner, Delhi
		2005-2009	0.16	Sales Tax Tribunal Cuttack
		2006-2007	0.55	Gujarat Vat (Tribunal) Ahmedabad
		2006-2007	1.05	High Court Allahabad
		2007-2009	0.24	High Court Allahabad
		2012-13	5.85	Additional Commissioner, Cuttack
Income Tax Act, 1961	Income Tax	FY 2008-09	0.72	CIT (Appeals)
		FY 2010-11	0.18	CIT (Appeals)
		FY 2012-13	3.81	CIT (Appeals)

*Net of payment

viii. 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 loan or borrowing to any banks and financial institutions and due to debenture/ bond holders as at balance sheet date. The company does not have any loans any loan or borrowings from the government.

ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. The term loans have been applied for the purpose for which they were raised.

x. According to the information and explanations given to us, no instance of fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the record of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

xiv. Based upon the audit procedures performed and the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

FFor SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm's Registration Number: 000756N

K. S. Mehta
Partner
Membership Number: 008883

Place: New Delhi
Date: May 16, 2017

"Annexure B" to the Independent Auditor's Report

of even date on the Standalone Ind AS Financials Statements of JK Paper Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of JK Paper Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm's Registration Number: 000756N

K. S. Mehta
Partner
Membership Number: 008883

Place: New Delhi
Date: May 16, 2017

Balance Sheet as at March 31, 2017

₹ in Crore (10 Million)

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-Current Assets				
Property,plant and equipment	2	2,634.29	2,748.31	2,760.83
Capital work-in-progress		15.51	19.56	27.49
Other intangible assets	3	1.41	2.64	3.87
Financial Assets				
Investments	4	28.41	30.61	35.27
Loans	5	52.90	35.50	53.27
Other financial assets	6	8.41	11.39	7.53
Other non-current assets	7	6.09	5.55	6.80
		2,747.02	**2,853.56**	**2,895.06**
Current Assets				
Inventories	8	382.94	334.71	370.46
Financial Assets				
Investments	9	242.59	10.01	-
Trade receivables	10	110.81	139.18	145.92
Cash and cash equivalents	11	15.51	7.73	9.76
Bank balances other than above	12	11.88	6.91	7.59
Loans	13	-	21.89	3.00
Other financial assets	14	9.91	10.24	6.98
Current tax assets (net)	15	1.28	1.11	2.17
Other current assets	16	71.92	100.28	136.21
		846.84	**632.06**	**682.09**
Total Assets		**3,593.86**	**3,485.62**	**3,577.15**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	155.96	148.53	136.62
Other equity		1,165.56	962.56	867.35
		1,321.52	**1,111.09**	**1,003.97**
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	18	1,299.05	1,415.39	1,569.34
Other financial liabilities	19	53.93	44.01	40.74
Provisions	20	1.60	3.59	1.79
Deferred tax liabilities (net)	21	97.94	77.89	74.32
		1,452.52	**1,540.88**	**1,686.19**
Current Liabilities				
Financial Liabilities				
Borrowings	22	127.75	128.29	244.19
Trade payables	23	230.94	187.85	265.21
Other financial liabilities	24	343.45	414.30	326.32
Other current liabilities	25	105.65	98.21	50.08
Provisions	26	12.03	5.00	1.19
		819.82	**833.65**	**886.99**
Total Equity and Liabilities		**3,593.86**	**3,485.62**	**3,577.15**
Significant Accounting Policies	1			

The accompanying notes referred to above form an integral part of the standalone financial statements

As per our report of even date

For and on behalf of the Board

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

B.H. SINGHANIA — Chairman
H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

K.S. MEHTA
Partner
Membership No. 008883

V. KUMARASWAMY
Chief Finance Officer

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SANDIP SOMANY

SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WENK

Directors

New Delhi,
the 16th May, 2017

S.C. GUPTA
Vice President &
Company Secretary

Statement of Profit & Loss for the year ended March 31, 2017

₹ in Crore (10 Million)

Particulars	Note	2016 - 17	2015 - 16
REVENUES:			
Sales		2,989.37	2,881.45
Less : Discounts		252.54	333.11
Net sales		**2,736.83**	**2,548.34**
Other operating revenue	27	27.20	15.56
Revenue from operations		**2,764.03**	**2,563.90**
Other Income	28	26.45	10.50
Total Revenue		**2,790.48**	**2,574.40**
EXPENSES:			
Cost of materials consumed	29	1,268.40	1,282.33
Purchases of stock-in-trade		222.66	171.31
Changes in inventories of finished goods, stock-in-trade and work-in-progress	30	(4.69)	19.22
Employee benefits expense	31	217.97	180.51
Finance costs	32	187.64	195.23
Depreciation and amortisation expenses	33	119.53	117.22
Excise duty		135.42	126.65
Other expenses	34	411.84	392.72
Total Expenses		**2,558.77**	**2,485.19**
Profit before Interest, Depreciation & Tax (PBIDT)		**538.88**	**401.66**
Profit/(loss) before tax		**231.71**	**89.21**
Tax Expenses			
Current tax (MAT)		47.42	23.63
Less : MAT credit entitlement		(46.59)	(23.63)
Provision / (Credit) for deferred tax		68.05	28.34
Profit for the period		**162.83**	**60.87**
Other Comprehensive Income			
Items that will not be reclassified to Profit and Loss			
(i) Re-measurement gain/(loss) on defined benefit plans		(4.58)	(3.67)
(ii) Tax on (i) above		1.41	1.13
(iii) Equity Instruments through other comprehensive income		2.37	(1.23)
(iv) Tax on (iii) above		-	-
Total other comprehensive Income for the period		**162.03**	**57.10**
Earnings per equity shares			
1) Basic (in ₹)		10.79	4.25
2) Diluted (in ₹)		9.45	4.01
Significant accounting policies	1		

The accompanying notes referred to above form an integral part of the standalone financial statements

As per our report of even date

For and on behalf of the Board

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

B.H. SINGHANIA — Chairman
H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

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UDAYAN BOSE
VINITA SINGHANIA
WIM WENK

Directors

New Delhi,
the 16th May, 2017

S.C. GUPTA
Vice President &
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2017

A. Equity Share Capital

₹ in Crore (10 Million)

April 01, 2015	Changes in equity share capital during 2015-16	March 31, 2016	Changes in equity share capital during 2016-17	March 31, 2017
136.62	11.91	148.53	7.43	155.96

B. Other Equity

₹ in Crore (10 Million)

Particulars	Equity Pending Allotment (Convertible option exercised by FCCB)	Reserve and Surplus						Other Comprehensive Income (OCI)		Total
		Retained Earnings	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Debenture Redemption Reserve	General Reserve	Items that will not be Reclassified to profit or loss		
								Re-measurement of the net defined benefit plans	Equity Instruments through OCI	
April 1, 2015	**-**	**432.06**	**29.92**	**3.00**	**350.04**	**1.48**	**43.59**	**-**	**7.26**	**867.35**
Profit for the year		60.87								60.87
Addition to equity share capital					38.11					38.11
Transfer from retained earnings		(57.00)					57.00			-
Other Comprehensive income for the year								(2.53)	(1.24)	(3.77)
Transfer from debenture redemption reserve		1.48				(1.48)				-
March 31, 2016	**-**	**437.41**	**29.92**	**3.00**	**388.15**	**-**	**100.59**	**(2.53)**	**6.02**	**962.56**
Profit for the year		162.83								162.83
FCCB Conversion #	15.46									15.46
Addition to equity share capital					34.44					34.44
Transfer from retained earnings		(125.00)					125.00			-
Other Comprehensive income for the year								(3.16)	2.37	(0.79)
Dividend including corporate dividend tax		(8.94)								(8.94)
March 31, 2017	**15.46**	**466.30**	**29.92**	**3.00**	**422.59**	**-**	**225.59**	**(5.69)**	**8.39**	**1,165.56**

Conversion notice received from one of the FCCBs holders for conversion of FCCBs (Series 3) into Equity Shares for which share were issued after the balance sheet date.

The accompanying notes referred to above form an integral part of the standalone financial statements

As per our report of even date

For and on behalf of the Board

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

B.H. SINGHANIA — Chairman
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VINITA SINGHANIA
WIM WENK

Directors

New Delhi,
the 16th May, 2017

S.C. GUPTA
Vice President &
Company Secretary

Notes to Financial Statement

Note - 1 **Company Overview, Basis of preparation and Significant Accounting Policies**

I. The Company Overview

JK Paper Limited, a Public Limited Company listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. The registered office of the Company is situated at Fort Songadh , Dist- Tapi- 394660,Gujarat. The Company is India's largest producer of branded papers and a leading player in Coated Papers and High-end Packaging Boards. The Company has two integrated Pulp and Paper Plants at Strategic Locations Unit JKPM in East (Rayagada, Odisha) and Unit CPM in West (Songadh, Gujarat). The Company has expanded its capacity multifold over the years and has been able to bring in state of the art technology as well. It is the 1st Indian Paper Company to introduce Colorlok Technology in its complete range of Copier papers in India,1st Indian Paper Company to get TPM certification from JIPM, Japan; 3rd Paper Company in the World and also 1st Paper Mill in India to get ISO 9001,ISO 14001 and OHSAS 18000.

These financial statements were approved and adopted by Board of Directors of the Company in their meeting held on May 16, 2017.

II. Basis of Preparation of Financial Statements

(i) Statement of Compliance :

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013.

(ii) Basis of Preparation:

These financial statements have been prepared in accordance with Ind AS 101, "First Time Adoption of Ind AS", as these are the Company's first Ind AS compliant Financial Statements for the year ended March 31, 2017.

The Financial Statements correspond to the classification provisions contained in Ind AS-1 (Presentation of Financial Statements). The transition to Ind AS has been carried out from the Accounting Principles generally accepted in India (Indian GAAP), which is considered as the "Previous GAAP", for purposes of Ind AS - 1.

The preparation of these Financial Statements resulted in changes to the Company's Accounting Policies as compared to the most recent Annual Financial Statements prepared under Previous GAAP, wherever necessary. All Accounting Policies and applicable Ind AS have been applied consistently and retrospectively to all periods, including the previous financial year presented and the Ind AS opening balance sheet as at April 01, 2015 (Transition Date). The resulting difference between the carrying amounts under Ind AS and Previous GAAP as on the Transition Date has been recognised directly in Equity. An explanation of the effect of the transition from Previous GAAP to Ind AS on the Company's equity and profit is provided in Note 58.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statements are presented in INR and all values are rounded to the nearest INR Crore (10 Million), except when otherwise indicated.

(iii) Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Note - 1 **Company Overview, Basis of preparation and Significant Accounting Policies (Contd.)**

(iv) Classification of Assets and Liabilities as Current and Non Current

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realisation in cash and cash equivalent, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

III. Significant Accounting Policies for the year ended March 31, 2017.

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria described below also be met before revenue is recognised.

Sale of Goods

Revenue from the sale of goods is recognised, when all the significant risks and rewards of ownership of the goods have passed to the buyer, the Company no longer has effective control over the goods sold, the amount of revenue and costs associated with the transaction can be measured reliably and no significant uncertainty exists regarding the amount of Consideration that will be derived from the sales of Goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The sales include the excise duty and exclude Value added tax/sales tax. Export incentives, Duty drawbacks and other benefits are recognized in the Statement of Profit and Loss.

Interest Income

Interest income is recognized on time proportion basis using the effective interest method.

Dividend Income

Dividend income is recognized when the right to receive payment is established, which is generally when shareholders approve the same.

Renewal Energy Certificate

Renewable Energy Certificate (REC) benefits are recognized in Statement of Profit & Loss on sale of REC's.

(ii) Inventory Valuation

Inventories such as Raw Materials, Work-in-Progress, Finished Goods, Stock in Trade, Stores & Spares and Renewable Energy Certificates are valued at the lower of cost and net realisable value (except scrap/waste which are value 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.

(iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and demand deposits with banks with an original maturity of three months or less which are subject to an insignificant risk of change in value.

(iv) Property, Plant and Equipment (PPE)

On transition to Ind AS, the company has adopted optional exception under Ind AS 101 to measure Property, Plant and Equipment at fair value. Consequently the fair value has been assumed to be deemed cost of Property, Plant and Equipment on the date of transition. Subsequently Property, Plant and Equipment are carried at cost less accumulated depreciation and accumulated losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Property, plant and equipment acquired after the transition date are stated at cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to Financial Statement

Note - 1 Company Overview, Basis of preparation and Significant Accounting Policies (Contd.)

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.

Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method over their useful lives as prescribed under Schedule II of Companies Act, 2013. 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 ₹5000/- and on Temporary Sheds is provided in full during the year of additions.

Depreciation will be charged from the date the assets is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leased Assets

Leasehold lands are amortized over the period of lease, Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

Intangible Assets

Intangible Assets are recognised, if the future economic benefits attributable to the assets are expected to flow to the company and cost of the asset can be measured reliably. All other expenditure is expensed as incurred. The same are amortised over the expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any and are amortised over their respective individual estimated useful life on straight line method.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted prospectively, if appropriate.

(v) Research and Development Costs

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 Asset.

(vi) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance Lease

Finance Lease that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability .Finance charges are recognised in finance costs in the statement of profit and loss unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Note - 1	Company Overview, Basis of preparation and Significant Accounting Policies (Contd.)

Operating Lease

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Payments under operating lease are recorded in the Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(vii) Impairment

The carrying amount of Property, plant and equipments, Intangible assets and Investment property are reviewed at each Balance Sheet date to assess impairment if any, based on internal / external factors. An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value, being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount.

(viii) Financial Assets & Liabilities

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

(a) Financial Assets at Amortised Cost

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial Assets at Fair value through Other Comprehensive Income

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

(c) Financial Assets at Fair value through Profit or Loss

At the date of initial recognition, Financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Trade Receivables

A Receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Notes to Financial Statement

Note - 1 Company Overview, Basis of preparation and Significant Accounting Policies (Contd.)

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Investment in Equity Shares

Investments in Equity Securities are initially measured at cost. Any subsequent fair value gain or loss is recognized through Profit or Loss if such investments in Equity Securities are held for trading purposes. The fair value gains or losses of all other Equity Securities are recognized in Other Comprehensive Income.

Investment in Associates, Joint Ventures and Subsidiaries

The Company has accounted for its investment in subsidiaries, associates and joint venture at cost.

Investments in Mutual Funds

Investments in Mutual Funds are accounted for at cost. Any subsequent fair value gain or loss is recognized through Profit or Loss Account.

Derecognition

Financial Asset is primarily derecognised when:

(i) The right to receive cash flows from asset has expired, or

(ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a " pass-through" arrangement and either:

a) The Company has transferred substantially all the risks and rewards of the asset, or

b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Notes to Financial Statement

Note - 1 **Company Overview, Basis of preparation and Significant Accounting Policies (Contd.)**

a) **Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date with all the changes recognized in the Statement of Profit and Loss.

b) **Financial Liabilities measured at Amortised Cost**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR") except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

c) **Loans and Borrowings**

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

d) **Trade and Other Payables**

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition of Financial Liability

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Offsetting of Financial Instruments

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Notes to Financial Statement

Note - 1 **Company Overview, Basis of preparation and Significant Accounting Policies (Contd.)**

Compound Financial Instruments

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(ix) Foreign Exchange Transactions / Translations / Hedge Accounting

Financial statements are presented in Indian Rupee, which is Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Financial instruments designated as Hedge Instruments are mark to market using the valuation given by the bank on the reporting date. Exchange differences arising on settlement of monetary items on actual payments / realisations and year end translations including on forward contracts are dealt with in Profit and Loss Statement except exchange differences arising on those Long term foreign currency monetary items, related to acquisition of depreciable capital assets being carried forward from previous GAAP, which are adjusted to cost of such assets and depreciated over their balance life pursuant to the option in Notification No.G.S.R 914(E) dated 29th December, 2011 issued by Ministry of Corporate Affairs. Non Monetary Foreign Currency items are stated at cost.

(x) Employee Benefits

a) Defined Contribution Plan

The Company makes defined contribution to Superannuation Funds, which are accounted on accrual basis as expenses in the statement of Profit and Loss.

b) Defined Benefit Plan

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19., 'Employee Benefits' These liabilities are funded on year-to-year basis by contribution to respective funds. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each yearend. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, 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. The Employer shall make good deficiency, if any.

The Defined Benefit Plan can be short term or Long terms which are defined below:

i) Short-term Employee Benefit

All employees' benefits payable wholly within twelve months rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

ii) Long-term employee Benefits

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Note - 1	Company Overview, Basis of preparation and Significant Accounting Policies (Contd.)

c) Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred. The Company shall recognise a liability and expense for termination benefits at the earlier of the following dates:

(a) When the entity can no longer withdraw the offer of those benefits; and

(b) When the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

(xi) Earnings per Share (EPS)

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(xii) Income Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum Alternate Tax

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

(xiii) Provisions and Contingent Liabilities /Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

(xiv) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xvi) Fair Value Measurements

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

Or

- In the absence of a principal market , in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

  All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

  For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to Financial Statement

Note - 1 **Company Overview, Basis of preparation and Significant Accounting Policies (Contd.)**

(xvii)Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements which have significant effect on the amounts recognized in the financial statement:

a. Income taxes

Judgment of the Management is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

b. Contingencies

Judgment of the Management is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

c. Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on ECL, which are the present value of the cash shortfall over the expected life of the financial assets.

d. Defined Benefit Plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These Includes the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. Fair Value Measurement of Financial Instruments.

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(xviii)Recent Accounting Pronouncements

a) Standards Issued but not yet effective

Amendments to Ind AS 7, 'Statement of cash flows' as per notification issued by the Ministry of Corporate Affairs in March, 2017 in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' is applicable to the Company from April 1, 2017.

b) Amendment to Ind AS 7

The amendment to Ind As 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment.

Notes to Financial Statement

Note - 2 Property, Plant and Equipments (PPE)

₹ in Crore (10 Million)

Description	Gross Carrying Value				Depreciation				Net Carrying Value
	April 1, 2015	Additions/ Adjustments	Sales/ Adjustments	March 31, 2016	March 31, 2015	For the year	On Sales/ Adjustments	March 31, 2016	March 31, 2016
Land - Freehold (a)	275.33	-	-	275.33	-	-	-	-	275.33
- Leasehold	82.76	-	-	82.76	-	1.47	-	1.47	81.29
Building	261.40	11.17	-	272.57	-	9.89	-	9.89	262.68
Plant & Equipment (b)	2,124.87	84.79	0.50	2,209.16	-	100.32	0.12	100.20	2,108.96
Furniture and Fixture	2.02	0.12	0.40	1.74	-	0.46	0.14	0.32	1.42
Office Equipment	4.45	1.49	0.25	5.69	-	1.66	0.20	1.46	4.23
Vehicles & Locomotive	7.75	8.03	2.86	12.92	-	1.95	1.42	0.53	12.39
Railway Siding	2.25	-	-	2.25	-	0.24	-	0.24	2.01
Total	**2,760.83**	**105.60**	**4.01**	**2,862.42**	**-**	**115.99**	**1.88**	**114.11**	**2,748.31**

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 of ₹20.24 Crore for which title is yet to be transferred in name of the Company.

b) During the year ₹62.96 Crore has been added to Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year ₹113.56 Crore was deducted).

Note - 2 Property, Plant and Equipments (PPE)

₹ in Crore (10 Million)

Description	Gross Carrying Value				Depreciation				Net Carrying Value	
	April 1, 2016	Additions/ Adjustments	Sales/ Adjustments	March 31, 2017	March 31, 2016	For the year	On Sales/ Adjustments	March 31, 2017	March 31, 2017	March 31, 2016
Land - Freehold (a)	275.33	-	-	275.33	-	-	-	-	275.33	275.33
- Leasehold	82.76	-	-	82.76	1.47	1.47	-	2.94	79.82	81.29
Building	272.57	11.08	0.04	283.61	9.89	10.26	0.04	20.11	263.50	262.68
Plant & Equipment (b)	2,209.16	(3.56)	65.56	2,140.04	100.20	102.22	56.61	145.81	1,994.23	2,108.96
Furniture and Fixture	1.74	0.13	0.01	1.86	0.32	0.30	0.01	0.61	1.25	1.42
Office Equipment	5.69	1.92	0.13	7.48	1.46	1.69	0.12	3.03	4.45	4.23
Vehicles & Locomotive	12.92	4.97	3.18	14.71	0.53	2.13	1.56	1.10	13.61	12.39
Railway Siding	2.25	0.32	-	2.57	0.24	0.23	-	0.47	2.10	2.01
Total	**2,862.42**	**14.86**	**68.92**	**2,808.36**	**114.11**	**118.30**	**58.34**	**174.07**	**2,634.29**	**2,748.31**
Previous year	2,760.83	105.60	4.01	2,862.42	-	115.99	1.88	114.11	2,748.31	

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 of ₹20.24 Crore for which title is yet to be transferred in name of the Company.

b) During the year ₹37.35 Crore has been deducted from Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year ₹62.96 Crore was added).

Notes to **Financial Statement**

Note - 3 Other Intangible Assets

₹ in Crore (10 Million)

Description	Gross Carrying Value				Amortisation				Net Carrying Value
	April 1, 2015	Additions/ Adjustments	Sales/ Adjustments	March 31, 2016	March 31, 2015	For the year	On Sales/ Adjustments	March 31, 2016	March 31, 2016
Computer Software	3.87	-	-	3.87	-	1.23	-	1.23	2.64
Total	**3.87**	**-**	**-**	**3.87**	**-**	**1.23**	**-**	**1.23**	**2.64**

Note - 3 Other Intangible Assets

₹ in Crore (10 Million)

Description	Gross Carrying Value				Amortisation				Net Carrying Value	
	April 1, 2016	Additions/ Adjustments	Sales/ Adjustments	March 31, 2017	March 31, 2016	For the year	On Sales/ Adjustments	March 31, 2017	March 31, 2017	March 31, 2016
Computer Software	3.87	-	-	3.87	1.23	1.23	-	2.46	1.41	2.64
Total	**3.87**	**-**	**-**	**3.87**	**1.23**	**1.23**	**-**	**2.46**	**1.41**	**2.64**
Previous year	3.87	-	-	3.87	-	1.23	-	1.23	2.64	

Note - 4 Non- Current Investments

₹ in Crore (10 Million)

Particulars	Face Value /Share	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Share	Value	No. of Share	Value	No. of Share	Value
Quoted, Equity shares fully paid up							
Investment Carried at Fair Value through OCI							
JK Lakshmi Cement Limited	₹5/-	1,91,000	8.83	1,91,000	6.46	1,91,000	6.86
Udaipur Cement Works Limited	₹4/-	-	-	-	-	34,02,171	4.26
Unquoted, Equity shares fully paid up							
Investments Carried at Cost							
Investment in Equity instruments of Subsidiaries							
JK Enviro-Tech Limited	₹10/-	16,50,000	1.68	16,33,135	1.66	16,33,135	1.66
Songadh Infrastructure & Housing Limited	₹10/-	49,50,600	4.95	49,50,600	4.95	49,50,600	4.95
Jaykaypur Infrastructure & Housing Limited	₹10/-	49,50,600	4.95	49,50,600	4.95	49,50,600	4.95
JK Paper International (Singapore) Pte. Limited	USD 1	11,91,000	8.00	-	-	-	-
Investment in Equity instruments of Joint Venture							
Oji JK Packaging Private Limited #	₹10/-	-	-	1,25,90,000	12.59	1,25,90,000	12.59
Investment in Others							
JK Paper Mills Employees' Co-operative Stores Limited @	₹10/-	250	0.00	250	0.00	250	0.00
			28.41		30.61		35.27
Aggregate book value of unquoted investments			19.58		24.15		24.15
Aggregate market value of quoted investments			8.83		6.46		11.12

Joint Venture Agreement with Oji JK Packaging Private Limited ceased w.e.f 20th January, 2017.

`@ ₹2500/-

Notes to Financial Statement

Note - 5 Non Current Financial Assets - Loans

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good :-			
Loans and advances to related parties (Subsidiaries)			
Jaykaypur Infrastructure & Housing Limited	27.50	27.50	28.50
Songadh Infrastructure & Housing Limited	8.00	8.00	8.00
Other Loans & Advances (at amortised cost)			
JK Paper Employees' Welfare Trust	17.40	-	16.77
Total	**52.90**	**35.50**	**53.27**

Note - 6 Non Current Financial Assets - Others

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposits with Government Authorities	4.18	4.11	4.51
Derivative Financial Instruments (at fair value through P&L)	1.12	3.88	0.22
Others	3.11	3.40	2.80
Total	**8.41**	**11.39**	**7.53**

Note - 7 Other Non Current Assets

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	1.24	0.64	0.88
Deposits with Government Authorities and Others	4.85	4.91	5.92
Total	**6.09**	**5.55**	**6.80**

Note - 8 Inventories

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw Materials #	214.98	164.54	179.68
Work-in-Progress @	17.49	23.59	22.30
Finished Goods	94.26	85.70	117.01
Stock in Trade	15.88	11.90	2.28
Stores & Spares #	40.11	48.77	49.06
Renewable Energy Certificates	0.22	0.21	0.13
Total	**382.94**	**334.71**	**370.46**

Includes Raw Materials in transit ₹9.89 Crore (As at 31-03-16 ₹5.91 Cr, 01-04-15 ₹2.99 Cr) and Stores & Spares in transit ₹2.48 Crore (As at 31-03-16 ₹1.68 Cr, 01-04-15 ₹2.09 Crore).

@ Includes Pulp in process ₹5.33 Crore (As at 31-03-16 ₹2.56 Cr, As at 01-04-15 ₹4.80 Crore) and Semi Finished Goods ₹12.16 Crore (As at 31-03-16 ₹21.03 Cr, 01-04-15 ₹17.50 Crore).

Notes to Financial Statement

Note - 9 **Current Investments**

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments in Mutual Funds- at fair value through P&L			
Investment in Liquid Fund	242.59	10.01	-
Total	**242.59**	**10.01**	**-**
Aggregate book value of quoted investments	242.59	10.01	-

Note - 10 **Trade Receivables**

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured			
Considered Good	110.81	139.18	145.92
Considered Doubtful	15.43	13.09	19.18
	126.24	**152.27**	**165.10**
Less: Allowance for doubtful debts	15.43	13.09	19.18
Total	**110.81**	**139.18**	**145.92**

Note - 11 **Cash and Cash Equivalents**

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash & Cash Equivalents			
Current Accounts	15.05	7.24	9.45
Cash on Hand	0.46	0.49	0.31
Total	**15.51**	**7.73**	**9.76**

Note - 12 **Bank Balance Other Than Cash and Cash Equivalents**

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other Bank Balances			
Unclaimed Dividend Accounts	0.12	0.15	0.18
Fixed Deposit with Scheduled Banks #	11.76	6.76	7.41
Total	**11.88**	**6.91**	**7.59**

Includes ₹1.48 Crore (As at 31-03-16 ₹1.48 Cr, 01-04-2015 ₹1.34 Crore) pledged with Government Authorities.

Notes to Financial Statement

Note - 13 Current Financial Assets - Loans

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good :-			
Loans to related parties- (Subsidiaries)			
JK Enviro-Tech Limited	-	1.00	-
Jaykaypur Infrastructure & Housing Limited	-	1.00	1.00
Other Loans & Advances (at amortised cost)			
JK Paper Employees` Welfare Trust	-	19.89	2.00
Total	**-**	**21.89**	**3.00**

Note - 14 Current Financial Assets - Other

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good :-			
Advances to related parties- (Subsidiaries)			
JK Enviro-Tech Limited	-	0.40	-
Jaykaypur Infrastructure & Housing Limited	4.23	3.06	0.71
Advances recoverable	1.08	0.49	0.53
Interest accrued but not due	3.79	3.65	3.60
Advances to Employees	0.72	1.78	0.80
Derivative Financial Instruments (at fair value through P&L)	0.09	0.86	1.34
Total	**9.91**	**10.24**	**6.98**

Note - 15 Current Tax Assets (Net)

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance Income Tax/ Tax deducted at source (net of provision)	1.28	1.11	2.17
Total	**1.28**	**1.11**	**2.17**

Note - 16 Other Current Assets

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances recoverable	10.71	17.16	38.63
Advances to Suppliers	28.18	21.43	15.43
Indirect Tax Recoverable	29.49	57.19	76.02
Other Deposits	2.89	2.52	2.32
Prepaid Finance Charges	0.65	1.98	3.81
Doubtful advances			
Other	1.93	1.93	0.49
	73.85	**102.21**	**136.70**
Less : Allowance for doubtful advances	1.93	1.93	0.49
Total	**71.92**	**100.28**	**136.21**

Notes to Financial Statement

Note - 17 Share Capital

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised :			
Equity Shares - 30,00,00,000	300.00	200.00	200.00
(20,00,00,000 equity share of ₹10 each as at 31-03-2016 and 01-04-2015)			
Redeemable Preference Shares - 2,00,00,000	200.00	300.00	300.00
(30,00,00,000 share of ₹100 each as at 31-03-2016 and 01-04-2015)			
	500.00	**500.00**	**500.00**
Issued, Subscribed and Paid-up :			
Equity Shares - 15,59,58,865 (14,85,30,625 and 13,66,20,625 equity share of ₹10 each each fully paid up at 31-03-2016 and 01-04-2015 respectively)	155.96	148.53	136.62
	155.96	**148.53**	**136.62**

Notes :

(a) Reconciliation of Equity Share Capital (In numbers)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Shares outstanding at the beginning of the year	14,85,30,625	13,66,20,625	13,66,20,625
Add : Shares issued during the year	7,428,240	1,19,10,000	-
Shares outstanding at the end of the year	**15,59,58,865**	**14,85,30,625**	**13,66,20,625**

(b) 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 ₹ 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.

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bengal & Assam Company Limited	3,64,18,299	3,64,18,299	3,28,43,299
BMF Investments Limited	3,00,89,797	2,252,297	2,252,297
J.K. Fenner (India) Limited	-	2,78,37,500	2,54,57,500
Florence Investech Limited	1,18,33,332	1,18,33,332	1,18,33,332
Trustees, JK Paper Employees Welfare Trust	98,28,655	1,15,39,710	1,16,81,112
International Finance Corporation	76,90,000	76,90,000	76,90,000

Notes to Financial Statement

Note - 18 Non Current Financial Liabilities - Borrowings

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
SECURED			
Term Loan			
From Banks	1,261.13	1,309.52	1,409.87
From Financial Institutions	127.13	136.35	114.27
UNSECURED			
Foreign Currency Convertible Bonds (FCCB's)	117.72	260.59	232.47
Loan from Related Party	39.63	39.54	39.46
Public Deposits	24.34	17.14	11.33
Finance Lease obligation	-	0.34	0.76
	1,569.95	**1,763.48**	**1,808.16**
Less : Current maturities of Long Term Borrowings	270.90	348.09	238.82
Total	**1,299.05**	**1,415.39**	**1,569.34**

A. Term Loans of ₹ 499.66 Crore (FIs – ₹109.91 Crore, Banks ₹389.75 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets of the company . Out of the above Term Loan, ₹415.78 Crore (FIs - ₹109.91 Crore, Banks ₹305.87 Crore) are further secured by second charge on the current assets of the Company. These Term Loans are/shall repayable as under:-

1 Term Loans of ₹6.48 Crore is repayable in 3 equal half-yearly instalments from June 2017 to June 2018.

2 Term Loans aggregating to ₹484.30 Crore are repayable in total 194 quarterly instalments from June 2017 to October 2024.

3 Term Loan of ₹8.88 Crore is repayable in 4 equal quarterly instalments from June 2017 to March 2018.

B. Term Loans of ₹890.99 Crore (FIs – ₹Nil, Banks ₹890.99 Crore) is 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 repayable as under :-

1 Term Loans aggregating to ₹201.20 Crore are repayable in total 31 equal Quarterly-instalments from June 2017 to June 2021.

2 Term Loans aggregating to ₹349.07 Crore are repayable in total 44 equal half-yearly instalments from May 2017 to August 2023.

3 Term Loans aggregating to ₹340.72 Crore are repayable in total 60 quarterly instalments from May 2017 to March 2024.

C. Term Loan of ₹18.58 Crore (FIs – ₹18.58 Crore, Banks ₹Nil) is secured by equitable mortgage of townships of the subsidiaries of the company namely Jaykaypur Infrastructure & Housing Limited located at Jaykaypur, Rayagada & Songadh Infrastructure & Housing Limited located at Songadh, Tapi and are repayable in 57 monthly instalment from April 2017 to December 2021.

D. Term Loans aggregating to ₹1.10 Crore (FIs – ₹Nil, Banks ₹1.10) are secured by specific charge on the Vehicle hypothecated against these loans. These Term Loans are repayable in total 40 monthly instalments from April 2017 to July 2020.

E. Secured Term loans from Financial Institutions and Banks have been netted off by ₹22.07 Crore (FIs – ₹1.36 Crore, Banks ₹20.71 Crore) due to effective rate of interest.

F. Certain charges are in the process of satisfaction. Secured Term loans from Financial Institutions and Banks include ₹383.55 Crore foreign currency loans.

G. FCCB`s of EURO 17.10 Million @ 6.455% issued on 30th May, 2011 are convertible into equity shares of the company at an initial conversion price of ₹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 2017 to 15th May 2018 in 3 half yearly instalments. The amount of FCCB has been netted off by ₹0.69 Crore due to effective rate of interest.

H. Term Loan of ₹40 Crore from related party is repayable in 47 monthly instalment from June 2018 to April 2022. The amount of Loan from related party has been netted off by ₹0.37 Crore due to effective rate of interest.

I. Public deposits are due for repayment in 2017-18, 2018-19 & 2019-20.

Notes to Financial Statement

Note - 19 Non Current Financial Liabilities - Other

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Deposits	45.96	40.91	36.69
Interest accrued but not due on loans	5.08	2.83	1.46
Derivative Financial Instruments (at fair value through P&L)	2.89	0.27	2.59
Total	**53.93**	**44.01**	**40.74**

Note - 20 Non Current Provisions

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits (refer note 48)	1.60	3.59	1.79
Total	**1.60**	**3.59**	**1.79**

Note - 21 Deferred Tax Liabilities

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	404.70	413.52	375.48
Tax on carried forward unabsorbed Depreciation	(225.05)	(285.75)	(294.71)
Tax on Others	15.15	0.39	20.19
a. Total Deferred Tax Liability	**194.80**	**128.16**	**100.96**
Opening MAT Credit Entitlements	(49.34)	(50.27)	(26.64)
Current MAT Credit Entitlement	(47.52)	-	-
b. Total MAT Credit Entitlement	**(96.86)**	**(50.27)**	**(26.64)**
c. Net Deferred Tax Liability (a+b)	**97.94**	**77.89**	**74.32**

(i) 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.

Note - 22 Current Finacial Liabilities - Borrowings

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
SECURED			
Working Capital Borrowings from Bank	74.60	52.72	122.21
UNSECURED			
Vendor Bill discounting	6.92	16.91	80.79
Buyer's Credit facilities from Bank	45.79	57.67	41.00
Public Deposits	0.44	0.99	0.19
Total	**127.75**	**128.29**	**244.19**

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

Notes to Financial Statement

Note - 23 Current Finacial Liabilities - Trade Payable

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Payable			
Total outstanding dues of micro and small enterprises (refer note 47)	0.19	-	-
Total outstanding dues of creditors other than micro and small enterprises	230.75	187.85	265.21
Total	**230.94**	**187.85**	**265.21**

Note - 24 Current Finacial Liabilities - Other

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of Non Current Borrowings	270.90	348.09	238.82
Interest accrued but not due	16.45	19.24	18.38
Unclaimed Dividends #	0.12	0.15	0.18
Unclaimed Matured Deposits #	0.59	0.87	0.63
Unclaimed interest on Unclaimed Matured Deposits #	0.09	0.11	0.07
Advances from related parties (Subsidiary)			
JK Enviro-Tech Limited	-	-	1.45
Songadh Infrastructure & Housing Limited	0.82	0.82	0.51
Derivative Financial Instruments (at fair value through P&L)	1.44	0.56	7.72
Capital Creditors	4.80	23.80	27.06
Other Payables	48.24	20.66	31.50
Total	**343.45**	**414.30**	**326.32**

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

Note - 25 Other Current Liabilities

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from Customers	4.92	7.20	10.33
Statutory Dues	21.56	13.72	13.28
Other Payables	79.17	77.29	26.47
Total	**105.65**	**98.21**	**50.08**

Note - 26 Short Term Provisions

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Employee Benefits	12.03	5.00	1.19
Total	**12.03**	**5.00**	**1.19**

Notes to Financial Statement

Note - 27 Other Operating Revenues

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Insurance charges recovered	0.67	1.49
Excess Provision no longer required written back	-	1.00
Miscellaneous Income	26.53	13.07
Total	**27.20**	**15.56**

Note - 28 Other Income

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Interest Income	11.06	10.29
Dividend Income #	0.00	0.04
Profit on sale/Fair value of Current investment	14.63	0.17
Foreign Exchange Fluctuation	0.76	-
Total	**26.45**	**10.50**

CY ₹47,750/-

Note - 29 Cost of Materials Consumed

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Hardwood & Bamboo	671.74	676.15
Pulp	213.97	237.35
Chemicals	280.08	271.68
Packing Material	102.61	97.15
Total	**1,268.40**	**1,282.33**

Note - 30 Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Inventories at the beginning of the year		
Finished Goods	85.70	117.01
Stock In Trade	11.90	2.28
Stock-in-Process	23.59	22.30
Renewable Energy Certificates	0.21	0.13
	121.40	**141.72**
Inventories at the end of the year		
Finished Goods	94.26	85.70
Stock In Trade	15.88	11.90
Stock-in-Process	17.49	23.59
Renewable Energy Certificates	0.22	0.21
	127.85	**121.40**
Add:- Excise Duty on Variation of Stock	1.76	(1.10)
(Increase)/ decrease in stock	**(4.69)**	**19.22**

Notes to Financial Statement

Note - 31 Employee Benefit Expenses

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Salaries, Wages, Allowances, etc.	200.80	164.82
Contribution to Provident and Other Funds	10.79	9.93
Staff Welfare Expenses	6.38	5.76
Total	**217.97**	**180.51**

Note - 32 Finance Costs

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Interest on:		
Term Loan and Fixed Deposits	157.35	163.28
Others	13.01	20.66
Other Borrowing Costs:		
Financial Charges	10.55	11.02
Premium on Forward Exchange Contracts	0.34	1.09
Lease rent on Machinery	0.03	0.07
Net (Gain) or Loss on foreign currency transaction	6.36	(0.89)
Total	**187.64**	**195.23**

Note - 33 Depreciation and Amortisation Expenses

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Depreciation on PPE	118.30	115.99
Amortisation of Other Intangible Assets	1.23	1.23
Total	**119.53**	**117.22**

Note - 34 Other Expenses

₹ in Crore (10 Million)

Particulars	2016-17		2015-16	
Consumption of Stores and Spares		58.80		52.98
Power, Fuel and Water		212.38		214.63
Repairs to Building		7.98		7.63
Repairs to machinery		29.95		27.48
Rent (Net)		17.56		16.92
Insurance		2.26		2.17
Rates and Taxes		0.78		0.55
Commission on sales		2.21		4.20
Directors' fees		0.17		0.13
Directors' Commission		1.22		0.65
Foreign Exchange Fluctuation		-		0.67
Loss on Sale of Assets		0.01		0.28
Asset Written off		0.08		0.12
Provision for Doubtful Advances		-		1.44
Bad Debts	0.60		6.47	
Less: Withdrawal from provision for doubtful debts	0.35	0.25	6.28	0.19
Provision for Doubtful Debts		2.70		0.18
Other Miscellaneous Expenses		75.49		62.50
Total		**411.84**		**392.72**

Notes to Financial Statement

Note - 35 Contingent Liabilities & Commitments (To The Extent Not Provided For)

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Contingent Liabilities:		
a) Claim against the company not acknowledged as debts.		
Excise duty/ Custom duty/Service tax liability in respect of matter in appeals	14.91	14.85
Sales tax/ VAT/Octrai liability in respect of matter in appeals	0.91	0.48
Income tax liability that may arise in respect of matters in appeal referred by the department	0.69	1.05
Other matters	7.26	10.37
b) Commitments:		
Contracts remaining to be executed on capital account (Net of Advances)	14.92	4.69
Balance of Investment committed	-	2.41
Export commitments against import of capital goods under EPCG scheme	399.40	585.65

In respect of certain disallowances and additions made by the income tax authorities, appeals are pending before the appellate authorities and adjustments , if any, will be made after the same are finally determined.

Note - 36

In respect of levy of Octroi pertaining to Unit - CPM by Songadh Group Gram Panchayat, the Company has paid ₹1.25 Crore till 31st March 1997 under protest and also created a liability of 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.

Note - 37 Expenditure incurred on Corporate Social Responsibilities

Details of expenditure on Corporate Social Responsibility Activities as per Section 135 of Companies Act , 2013 read with schedule III are as below

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
1. Gross amount required to be spent by the Company during the year	NA	NA
2. **Amount spent during the year**		
Promotion of Education	0.13	0.11
Health Care	0.09	0.46
Others	0.97	0.48
Total	**1.19**	**1.05**

Notes to Financial Statement

Note - 38

i) Disclosure of loan and advances as per regulation 34(3) and 53(f) read with Schedule V of SEBI (LODR) regulation of listing regulation with Stock Exchanges:

₹ in Crore (10 Million)

Name of the Company	Balance as at		Maximum outstanding during	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
a) Loans and advances in the nature of loans given to subsidiaries				
JK Enviro-Tech Limited	-	1.00	1.00	1.00
Jaykaypur Infrastructure & Housing Limited	27.50	28.50	28.50	29.50
Songadh Infrastructure & Housing Limited	8.00	8.00	8.00	8.00
b) Loans and advances in the nature of loans where repayment schedule is not specified	Nil	Nil	Nil	Nil
c) Loans and advances in the nature of loans where interest is not charged	Nil	Nil	Nil	Nil
ii) Loans given to JK Paper Employees` Welfare Trust	17.40	19.89	20.98	20.98

iii) Details of loans given, investments made and guarantee given covered U/s 186(4) of the Companies Act 2013

The company has given loan to Subsidiaries and other parties mentioned above in the ordinary course of business for general business purpose

Note - 39

Advances recoverable shown under "Other Current Assets" in Note No.16 ,includes ₹4.27 Crore (Previous Year ₹6.90 Crore) payments made for various development projects being undertaken by the Company. The same will be adjusted once these projects are finalised.

Note - 40

a) Sales include export incentives of ₹9.29 Crore (Previous year ₹9.06 Crore).

b) Interest Income includes ₹0.98 Crore (Previous year ₹0.65 Crore) on Deposits with Banks, ₹0.28 Crore (Previous year ₹0.01 Crore) on Income Tax refund and ₹9.80 Crore (Previous year ₹9.63 Crore) on others.

c) Scrap sale of ₹7.34 Crore (Previous year ₹6.62 Crore) has been netted off from consumption of stores and spares.

Note - 41 Leases

a) The Company has taken office spaces on operating lease basis. The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of 7 years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

Obligations on long-term, non-cancellable operating leases:

The lease rentals charged during the year is as under:

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Lease rentals recognized during the year	6.18	6.18

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

₹ in Crore (10 Million)

Future minimum lease payable	Year ended March 31, 2017	Year ended March 31, 2016
Not later than one year	6.18	6.18
Later than one year and not later than five years	23.68	24.70
Later than five years	-	5.15

Notes to Financial Statement

Note - 41 Leases (Contd.)

b) The Company has entered into non cancellable finance lease agreement with IBM dated 30th December 2011 to install a server from 1st March 2012 to 28th February 2017.

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Lease rentals recognized during the year	0.35	0.47

₹ in Crore (10 Million)

Future minimum lease payable	Year ended March 31, 2017		Year ended March 31, 2016	
	Future Minimum lease payment	Present Value	Future Minimum lease payment	Present Value
Not later than one year	Nil	Nil	0.35	0.34
Later than one year and not later than five years	Nil	Nil	Nil	Nil
Later than five years	Nil	Nil	Nil	Nil

Note - 42 Expenditure on Research and Development (R&D) activities

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a) Revenue Expenditure *		
Employee Cost	2.29	2.28
Cost of Materials	1.26	1.21
Other Expenses	0.72	0.58
Sub Total	**4.27**	**4.07**
b) Capital Expenditure	0.10	0.02
Total (a+b)	**4.37**	**4.09**

* Included in respective revenue accounts.

Note - 43 Other disclosures required by statute

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Auditors Remuneration (including service tax)		
1. Statutory Auditors		
i. Audit Fee	0.18	0.18
ii. Tax Audit Fee	0.02	0.02
iii. Certification/other Services	0.28	0.10
iv. Out of Pocket Expenses	0.02	0.02
Total	**0.50**	**0.32**
2. Cost Auditors		
i. Audit Fee	0.01	0.01
ii. Out of Pocket Expenses (CY ₹11,550/- PY ₹3,435/-)	0.00	0.00
Total	**0.01**	**0.01**

Notes to Financial Statement

Note - 44 Expenses included under other head of account

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, Wages and Allowances etc.	5.45	5.09
Contribution to Provident and Other Funds	0.16	0.19
Employees' Welfare and Other benefits	0.31	0.44
Consumption of Stores and Spares	0.39	0.40
Rent	0.11	0.08
Insurance	0.02	0.02
Rates and Taxes (PY ₹1,529/-)	0.01	0.00
Miscellaneous Expenses	1.92	4.86
	8.37	**11.08**

Note - 45

a) During the year, the Company has allotted 74,28,240 Equity Shares of ₹10/- each upon conversion of FCCBs Series-2 of Euro 6.5 million. During the previous year 2015-16, the Company had allotted 1,19,10,000 Equity Shares of ₹10/- each on preferential basis to the Promoter and constituents of the Promoter Group for cash at a price of ₹42/- each (including a premium of ₹32/- each) on 16th September,2015. The proceeds of the said issue have been used towards augmenting the Net Worth of the Company.

b) Company has received the request from one of the FCCB Holder for conversion of FCCB's (Series 3) of Euro 2.4 million on 27th March, 2017 and accordingly an amount of ₹15.46 Cr has been considered as other equity.

c) The Company has allotted 74,28,240 Equity Shares of ₹10/- each upon conversion of FCCBs (Series 3) of Euro 6.5 million, after the financial year ended March 2017.

Note - 46 Earning Per Share

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a) Profit/ (loss) after tax for Basic Earnings Per share	162.83	60.87
Add: Interest on Foreign Currency Convertible Bonds (FCCBs) (net of tax)	7.14	12.29
Profit for Diluted Earnings Per Share	**169.97**	**73.16**
b) Weighted Average Number of Ordinary Shares		
Basic	15,08,71,029	14,30,63,740
Effect of Conversion Option	2,89,78,567	3,94,82,824
Diluted	**17,98,49,596**	**18,25,46,564**
c) Nominal Value of Ordinary Shares	₹10/-	₹10/-
d) Earning Per Ordinary Share (₹)		
Basic	10.79	4.25
Diluted	9.45	4.01

Notes to Financial Statement

Note - 47 The Micro, Small And Medium Enterprises Development (MSMED) Act, 2006

Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of The Micro, Small and Medium Enterprises Development Act, 2006, are given below::

₹ in Crore (10 Million)

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a)	Principal amount and Interest due thereon remaining unpaid to any supplier as on	NIL	NIL
b)	Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	NIL	NIL
c)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	NIL	NIL
d)	the amount of interest accrued and remaining unpaid	NIL	NIL
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	NIL	NIL

Note - 48 Employee Benefits

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

a) Defined Contribution Plans

Amount recognized as an expense and included in Note 31 Item "Contribution to Provident and Other Funds ₹0.67 Crore (Previous year ₹1.19 Crore) for Superannuation Fund.

b) Other long-term benefits

Amount recognized as an expense and included in Note 31 Item "Salaries, Wages, Allowances etc. ₹3.72 Crore (Previous year ₹2.43 Crore) for long term compensated Absences.

c) Defined benefits plans

(i) Amount recognized as an expense and included in Note 31 & Note 44 "Contribution to Provident and Other Funds" ₹8.25 Crore (Previous year ₹7.58 Crore) for Provident and other fund.

(ii) Gratuity Expense ₹2.03 Crore (Previous year ₹1.35 Crore) has been recognized in "Contribution to Provident and Other Funds" under Note 31. as per Actuarial Valuation.

Notes to Financial Statement

Note - 48 Employee Benefits (Contd.)

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non -Funded	Funded	Non -Funded
I. Change in present value of obligation during the year				
Present value of obligation at the beginning of the year	31.04	4.43	28.24	4.25
Included in profit and loss:				
- Current Service Cost	1.76	1.35	1.48	0.82
- Interest Cost	2.50	0.36	2.25	0.34
- Past Service Cost	-	-	-	-
- Actuarial Gain/(Loss)	-	2.13	-	0.84
Included in OCI:				
Actuarial losses/(gains) arising from:	-	-	-	-
- Experience adjustments	4.30	-	3.62	-
- Financial assumption	1.61	-	(0.17)	-
Others				
Benefits Paid	(4.59)	(2.04)	(4.38)	(1.82)
Present Value of obligation as at year-end	**36.62**	**6.23**	**31.04**	**4.43**
II. Change in Fair Value of Plan Assets during the year				
Plan assets at the beginning of the year	27.77	-	29.98	-
Included in profit and loss:				
Expected return on plan assets	2.23	-	2.38	-
Included in OCI:				
Actuarial Gain/(Loss) on plan assets	1.34	-	(0.21)	-
Others:				
Employer's contribution	3.27	-	-	-
Benefits paid	(4.59)	-	(4.38)	-
Plan assets at the end of the year	**30.02**	**-**	**27.77**	**-**

The plan assets are managed by the Gratuity Trust formed by the Company.

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	Gratuity Funded	Gratuity Funded
III. Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets		
1. Present Value of obligation as at year-end	(36.62)	(31.04)
2. Fair value of plan assets at year -end	30.02	27.77
3. Funded status {Surplus/(Deficit)}	(6.60)	(3.27)
Net Asset/(Liability)	**(6.60)**	**(3.27)**
IV. Expenses recognised in the Statement of Profit and Loss		
1. Current Service Cost	1.76	1.48
2. Interest Cost	2.50	2.25
3. Past service Cost	-	-
4. Expected return on plan assets	(2.23)	(2.38)
Total Expense	**2.03**	**1.35**
V. Expenses recognised in the Statement of Other Comprehensive Income		
1. Net Actuarial (Gain)/Loss	5.91	3.45
2. Expected return on plan assets excluding interest income	(1.34)	0.21
Total Expense	**4.57**	**3.66**

Notes to Financial Statement

Note - 48 Employee Benefits (Contd.)

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non -Funded	Funded	Non -Funded
VI. Constitution of Plan Assets				
1. Equity Instruments	-	-	-	-
2. Debt Instruments	-	-	-	-
3. Property	-	-	-	-
4. Insurance	30.02	-	27.77	-
VII. Bifurcation of PBO at the end of the year				
1. Current Liability	5.00	-	3.27	-
2. Non-Current Liability	1.60	-	(0.00)	-
VIII. Actuarial Assumptions				
1. Discount Rate	7.29%	7.29%	8.04%	8.04%
2. Expected rate of return on plan assets	7.29%	-	8.04%	-
3. Mortality Table	IALM (2006-08)		IALM (2006-08)	
4. Salary Escalation	5.00%		5%	
5. Turnover Rate	Age up to 30-3%, up to 44-2%, above 44-1%		Age up to 30-3%, up to 44-2%, above 44-1%	

IX. The expected contribution for Defined Benefit Plan for the next financial year will be ₹3.66 Crore

X. Experience Adjustment:

₹ in Crore (10 Million)

Gratuity	2016 - 17	2015 -16	2014 - 15	2013 - 14	2012 - 13
Present Value of obligation	36.62	31.04	28.24	30.97	36.11
Fair value of Plan assets	30.02	27.77	29.98	29.58	33.30
Net Asset/(Liability)	(6.60)	(3.27)	1.74	(1.39)	(2.81)
Actuarial (Gain)/Loss on plan obligation	4.30	3.62	(4.55)	2.69	0.26
Actuarial Gain/(Loss) on plan assets	1.34	(0.21)	1.19	(0.67)	0.82

₹ in Crore (10 Million)

Long term Compensated Absences	2016 - 17	2015 -16	2014 - 15	2013 - 14	2012 - 13
Present Value of obligation	6.23	4.43	4.25	3.91	4.72
Fair value of Plan assets	-	-	-	-	-
Net Asset/(Liability)	(6.23)	(4.43)	(4.25)	(3.91)	(4.72)
Actuarial Gain/(Loss) on plan obligation	(1.82)	(0.87)	(0.35)	(1.15)	(0.08)
Actuarial Gain/(Loss) on plan assets	-	-	-	-	-

XI. Sensitivity Analysis

₹ in Crore (10 Million)

Gratuity	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.11)	2.41	(1.76)	2.00
Future salary growth (1% movement)	2.38	(2.14)	2.05	(1.83)
Employee turnover (1% movement)	0.38	(0.43)	0.44	(0.49)

Notes to Financial Statement

Note - 48 Employee Benefits (Contd.)

XII. Maturity Profile of projected benefit obligation: from the fund

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017 Gratuity Funded	Year ended March 31, 2016 Gratuity Funded
1st Following Year	6.46	5.41
2nd Following Year	2.24	2.28
3rd Following Year	3.30	3.74
4th Following Year	3.23	3.38
5th Following Year	3.01	2.89
Sum of Years 6 To 10	16.82	19.95

Note - 49 Related Party Disclosures

₹ in Crore (10 Million)

Particulars	% of Shareholding/ Voting Power	
	2016 - 17	2015 - 16
a) List of Related Parties		
i. Subsidiaries (Wholly Owned)		
Songadh Infrastructure & Housing Limited (SIHL)	100%	100%
Jaykaypur Infrastructure & Housing Limited (JIHL)	100%	100%
JK Enviro-Tech Limited (JKETL) [become wholly owned subsidiary w.e.f. 30th September, 2016	100%	98.98%
JK Paper International (Singapore) Pte Limited (become wholly owned subsidiary w.e.f 8th of March 2017) JKPI (S) PL [previously known as Habras International (Singapore) Pte. Limited]	100%	98.98%
ii. Joint Venture		
Oji JK Packaging Private Limited (Oji) (ceased to be JV w.e.f 20th of January 2017)	NA	20%
Habras MZZ Plantation Myanmar Company Limited (w.e.f 27th of July 2016)	29.36%	NA

iii. Associate of

Bengal & Assam Company Limited (BACL)

iv. Trust under common control

JK Paper Limited (JK Paper Mills) Compulsory Employees Provident Fund

JK Paper Limited Employees Gratuity Fund

JK Paper Limited Officers Superannuation Scheme

v. Key Management Personnel (KMP)

Executive Directors

Shri Harsh Pati Singhania, Vice Chairman & Managing Director

Shri Om Prakash Goyal, Whole-time Director

Executives

Shri V. Kumaraswamy, Chief Finance Officer

Shri S. C. Gupta, Vice President & Company Secretary

Non-Executive Directors

Shri Bharat Hari Singhania, Chairman

Shri Arun Bharat Ram

Shri Dhirendra Kumar

Shri M. H. Dalmia

Shri R. V. Kanoria

Shri Sandip Somany

Shri Shailendra Swarup

Shri Udayan Bose

Smt. Vinita Singhania

Shri Wim Wienk

Notes to **Financial Statement**

Note - 49 Related Party Disclosures (Contd.)

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

₹ in Crore (10 Million)

Sl. No.	Nature of Transaction	Subsidiaries (Wholly Owned)							
		JIHL		SIHL		JKETL		JKPI (S) PL	
		2016 - 17	2015 - 16	2016 - 17	2015 - 16	2016 - 17	2015 - 16	2016 - 17	2015 - 16
(i)	Reimbursement of Expenses – Paid	-	-	-	-	-	-	-	-
(ii)	Reimbursement of Expenses – Received	1.38	2.87	0.01	0.05	-	-	-	-
(iii)	Rent Paid	6.16	5.58	2.74	2.73			-	-
(iv)	Interest Received	2.77	2.88	0.80	0.80	0.08	0.02	-	-
(v)	Loans Given	-	-	-	-	0.10	1.00	-	-
(vi)	Advance Given	-	-	-	-	-	0.40	-	-
(vii)	Loan Instalment Received	1.00	1.00	-	-	1.50	-	-	-
(viii)	Purchase of share of JK Paper International (Singapore) Pte. Limited	-	-	-	-	0.17	-	7.83	-
(ix)	Outstanding at end of the period - Receivable	31.73	31.56	7.18	7.18	-	1.40	-	-

₹ in Crore (10 Million)

Sl. No.	Nature of Transaction	Joint Venture	
		Oji	
		2016 - 17	2015 - 16
(i)	Reimbursement of Expenses – Received	-	0.04
(ii)	Outstanding at end of the period - Receivable	-	-

₹ in Crore (10 Million)

Sl. No.	Nature of Transaction	Associate of	
		BACL	
		2016 - 17	2015 - 16
(i)	Interest & Processing Fee Paid	5.30	5.31
(ii)	Rent Paid	0.05	0.04
(iii)	Equity Contribution Received	-	15.02
(iv)	Purchase of share of JK Enviro-Tech Limited	0.02	-
(v)	Outstanding at end of the period - Payable	43.72	42.42

₹ in Crore (10 Million)

Sl. No.	Nature of Transaction	Trust under common control					
		Employees Provident Fund		Employees Gratuity Fund		Officers Superannuation Scheme	
		2016 - 17	2015 - 16	2016 - 17	2015 - 16	2016 - 17	2015 - 16
(i)	Contribution	3.11	2.81	6.60	5.01	0.67	1.22
(ii)	Outstanding at end of the period- Payable	0.28	0.27	1.03	0.91	0.65	0.98

Key Management Personnel (KMP) :

₹ in Crore (10 Million)

Sl. No.	Particulars	2016 - 17	2015 - 16
(i)	Short-term employee benefits #	20.19	9.74
(ii)	Commission and other benefits to non-executive directors *	1.29	0.78

The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

* Including sitting fees and commission

Notes to Financial Statement

Note - 50 Financial Instruments

Financial Assets ₹ in Crore (10 Million)

Particulars	Note	Fair value hierarchy	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
			Carrying	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial assets designated at fair value through profit and loss								
a) Derivatives - not designated as hedging instruments	A	Level-2	1.21	1.21	4.74	4.74	1.56	1.56
b) Investment								
i) In mutual funds and others	B	Level-1	242.59	242.59	10.01	10.01	-	-
2. Financial assets designated at fair value through other comprehensive income								
Investment In Equity shares	C	Level-1	8.83	8.83	6.46	6.46	11.12	11.12
3. Financial assets designated at amortised cost								
a) Other Bank Balances*			11.88	11.88	6.91	6.91	7.59	7.59
b) Cash & Cash Equivalents*			15.51	15.51	7.73	7.73	9.76	9.76
c) Trade receivables*			110.81	110.81	139.18	139.18	145.92	145.92
d) Other receivables*			52.90	52.90	57.39	57.39	56.27	56.27
e) Other financial assets			17.11	17.11	16.89	16.89	12.95	12.95
4. Investment in subsidiary companies and joint venture	D		19.58	19.58	24.15	24.15	24.15	24.15
			480.42	**480.42**	**273.46**	**273.46**	**269.32**	**269.32**

Financial Liabilities ₹ in Crore (10 Million)

Particulars	Note	Fair value hierarchy	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
			Carrying	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial liability designated at fair value through profit and loss								
a) Derivatives - not designated as hedging instruments	A	Level-2	4.33	4.33	0.83	0.83	10.31	10.31
2. Financial liability designated at amortised cost								
a) Borrowings	E		1426.8	1,426.80	1543.68	1,543.68	1813.53	1,813.53
b) Trade payables*			230.94	230.94	187.85	187.85	265.21	265.21
c) Other financial liability*			393.05	393.05	457.48	457.48	356.75	356.75
			2,055.12	**2,055.12**	**2,189.84**	**2,189.84**	**2,445.80**	**2,445.80**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values.

A The fair values of derivatives are on MTM as per Bank

B Company has opted to fair value its mutual fund investment through profit & loss

C Company has opted to fair value its quoted investments in equity share through OCI

D As per Para D-15 of Appendix D of Ind AS 101, the first time adopter may chose to measure its investment in subsidiaries, JVs and Associates at cost or at fair value. Company has opted to value its investments in subsidiaries, JVs and Associates at cost.

E Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

* The carrying amounts are considered to be the same as their fair values due to short term nature.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Note - 51 **Financial Risk Management Objectives and Policies**

51.1 Financial risk factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk & interest rate risk. The Company calculates and compares the alternative sources of funding by including cost of currency cover also. Whenever, the currency cover costs are such as to neutralize the advantage in foreign currency, loans are hedged so as to not to lose advantage. The Company uses derivative financial instruments to reduce foreign exchange risk exposures.

i. Credit Risk

The Company evaluates the customer credentials carefully from trade sources before appointment of any distributor and only financially sound parties are appointed as distributors. The Company secures adequate deposits from its distributor and hence risk of bad debt is limited. The credit outstanding is sought to be limited to the sum of advances/deposits and credit limit determined by the company. The company have stop supply mechanism in place in case outstanding goes beyond agreed limits.

ii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e. currency rate , interest rate and other price related risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

a.) Foreign Currency Risk and sensitivity

The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to reduce foreign exchange risk exposures and follows its risk management policies to mitigate the same. After taking cognisance of the natural hedge, the company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	SEK	Total
Financial Assets					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	7.93	-	0.14	-	8.07
Other financials assets (including loans)	-	-	-	-	-
Financial liabilities					
Trade payables	(30.54)	(0.34)	*(0.00)	-	(30.88)
Borrowings	(187.52)	(360.24)	-	-	(547.75)
Interest Accrued but not due	(0.33)	(3.12)	-	-	(3.45)
Net assets / (liabilities)	**(210.46)**	**(363.70)**	**0.14**	**-**	**(574.01)**

* ₹37,011/-

Notes to **Financial Statement**

Note - 51 Financial Risk Management Objectives and Policies (Contd.)

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	SEK	Total
Financial Assets					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	20.55	-	-	-	20.55
Other financials assets (including loans)	-	-	-	-	-
Financial liabilities					
Trade payables	(32.44)	(0.68)	(0.03)	(0.05)	(33.20)
Borrowings	(210.18)	(566.72)	-	-	(776.90)
Interest Accrued but not due	(0.35)	(6.73)	-	-	(7.08)
Net assets / (liabilities)	**(222.42)**	**(574.13)**	**(0.03)**	**(0.05)**	**(796.63)**

The following table analyzes foreign currency risk from financial instruments as of April 1, 2015:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	SEK	Total
Financial Assets					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	21.59	-	0.36	-	21.95
Other financials assets (including loans)	-	-	-	-	-
Financial liabilities					
Trade payables	(33.65)	(1.51)	*(0.00)		(35.16)
Borrowings	(203.61)	(546.91)	-	-	(750.52)
Interest Accrued but not due	(0.31)	(6.24)	-	-	(6.55)
Net assets / (liabilities)	**(215.98)**	**(554.66)**	**0.36**	**-**	**(770.28)**

* ₹42,309/-

The following significant exchange rates have been applied during the year.

in ₹

INR	Year-end spot rate		
	As at March 31, 2017	**As at March 31, 2016**	**As at April 1, 2015**
USD	64.84	66.33	62.59
EUR	69.25	75.10	67.51
GBP	80.88	95.09	92.46
SEK	N.A.	8.15	N.A.

Foreign Currency Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Notes to Financial Statement

Note - 51 Financial Risk Management Objectives and Policies (Contd.)

0.25% Increase and decrease in foreign exchanges rates will have the followingimpact on profit before tax

₹ in Crore (10 Million)

Particulars	2016 - 17		2015 - 16	
	0.25% Increase	0.25% decrease	0.25% Increase	0.25% decrease
USD Sensitivity	(0.02)	0.02	(0.05)	0.05
Euro Sensitivity	(0.01)	0.01	(0.02)	0.02
GBP Sensitivity (CY ₹3,398/-, PY ₹821/-)	0.00	(0.00)	(0.00)	0.00
SEK Sensitivity (CY ₹Nil, PY ₹1,228/-)	-	-	(0.00)	0.00
Increases/ (decrease) in profit or loss	**(0.03)**	**0.03**	**(0.07)**	**0.07**

Summary of Exchange difference accounted in Statement of Profit and loss:

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Currency fluctuations		
Net foreign exchange (gain)/ losses shown as operating expenses	-	0.67
Net foreign exchange (gain)/ losses shown as Finance Cost	0.95	4.68
Net foreign exchange (gain)/ losses shown as Other Income	(0.76)	-
Derivatives		
Currency forwards (gain) / losses shown as operating expenses	-	-
Interest rate swaps (gain) / losses shown as finance cost	5.41	(5.57)
Net foreign exchange (gain)/ losses shown as Other Income	-	-
Total	**5.60**	**(0.22)**

b. Interest Rate Risk and Sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debt. The Company has entered into various interest rate swap contracts, in which it agrees to exchange, at specific intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon principal amount. Borrowings at variable rates expose the Company to cash flow interest rate risk. With all other variables held constant, the following table demonstrates composition of fixed and floating rate borrowing of the company and impact of floating rate borrowings on company's profitability.

Interest Rate Risk Exposure

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	(₹ in Crores)	% of Total	(₹ in Crores)	% of Total	(₹ in Crores)	% of Total
Fixed Rate Borrowings	559.53	32.96%	497.12	26.28%	484.50	23.61%
Variable Rate Borrowings	1,138.17	67.04%	1,394.65	73.72%	1,567.85	76.39%
Total Borrowings	**1,697.70**	**100.00%**	**1,891.77**	**100.00%**	**2,052.35**	**100.00%**

Sensitivity on variable rate borrowings

₹ in Crore (10 Million)

Particulars	Impact on Profit & Loss Account		Impact on Equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Interest Rate Increase by 0.25%	(2.87)	(3.29)	(2.87)	(3.29)
Interest Rate decrease by 0.25%	2.87	3.29	2.87	3.29

Notes to Financial Statement

Note - 51 **Financial Risk Management Objectives and Policies (Contd.)**

c. Commodity price risk and sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

CREDIT RISK

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹110.81 Crore and ₹139.18 Crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account as per the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

in %

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from top customer	4.30%	4.09%
Revenue from top five customers	16.49%	17.01%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was ₹15.43 Crore.

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Balance at the beginning	13.08	19.18
Impairment loss reversed	(0.35)	(6.28)
Additional provision created during the year	2.70	0.18
Balance at the end	**15.43**	**13.08**

The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk

Ageing Analysis of Trade Receivables

₹ in Crore (10 Million)

Particulars	As at March 31, 2017				As at March 31, 2016			
	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months
Unsecured	92.57	15.66	-	18.01	99.56	33.70	0.11	18.90
Provision for Doubtful Receivables	-	-	-	15.43	-	-	-	13.09
Net Balance	**92.57**	**15.66**	**-**	**2.58**	**99.56**	**33.70**	**0.11**	**5.81**

Notes to **Financial Statement**

Note - 51 **Financial Risk Management Objectives and Policies (Contd.)**

Liquidity risk

Liquidity risk arises when the Company will not be able to meet its present and future cash and collateral obligations. The risk management action focuses on the unpredictability of financial markets and tries to minimise adverse effects. The Company uses derivative financial instruments to hedge risk exposures. Risk management is carried out by the Finance department under Forex Policies as adopted and duly approved by the Board. The Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and company monitors rolling forecasts of its liquidity requirements.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	127.75	127.75	-	-	127.75
Borrowings - Non-Current	1,569.95	270.90	985.38	313.67	1,569.95
Trade payables	230.94	230.94	-	-	230.94
Other financial liabilities - Current	343.45	343.45	-	-	343.45
Other financial liabilities - Non-Current					
Trade Deposits	45.96	-	-	45.96	45.96
Interest accrued but not due on loans	5.08	-	4.92	0.16	5.08
Derivative Financial Instruments	2.89	-	2.35	0.54	2.89

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	128.29	128.29	-	-	128.29
Borrowings - Non-Current	1,763.48	348.09	1,037.27	378.13	1,763.48
Trade payables	187.85	187.85	-	-	187.85
Other financial liabilities - Current	414.30	414.30	-	-	414.30
Other financial liabilities - Non-Current					
Trade Deposits	40.91	-	-	40.91	40.91
Interest accrued but not due on loans	2.83	-	2.03	0.80	2.83
Derivative Financial Instruments	0.27	-	0.27	(0.00)	0.27

The table below provides details regarding the contractual maturities of significant financial liabilities as of April 1, 2015:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	244.19	244.19	-	-	244.19
Borrowings - Non-Current	1,808.16	238.82	1,080.37	488.96	1,808.15
Trade payables	265.21	265.21	-	-	265.21
Other financial liabilities - Current	326.32	326.32	-	-	326.32
Other financial liabilities - Non-Current					
Trade Deposits	36.69	-	-	36.69	36.69
Interest accrued but not due on loans	1.46	-	0.80	0.66	1.46
Derivative Financial Instruments	2.59	-	1.38	1.21	2.59

51.2 Competition and Price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

Notes to Financial Statement

Note - 51 **Financial Risk Management Objectives and Policies (Contd.)**

51.3 Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be.

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	1,697.70	1,891.77	2,052.35
Less: Cash and cash equivalents including bank balance	27.39	14.64	17.35
Less: Current Investments	242.59	10.01	-
Net debt	1,427.72	1,867.12	2,035.00
Equity	1,321.52	1,111.09	1,003.97
Capital and Net debt	2,749.24	2,978.21	3,038.97
Gearing Ratio	52%	63%	67%

Note - 52 **Derivative Financial Instruments**

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Forward Contract outstanding for the purpose of hedgeing at the Balance Sheet Date:

Sr. No.	Particulars	As at March 31, 2017		As at March 31, 2016	
		FC in Mn	₹ in Cr.	FC in Mn	₹ in Cr.
1	US Dollar	24.35	157.89	25.23	167.36
2	Euro	2.29	15.87	-	-

Nominal amounts of Complete Currency Swaps (CCS) for hedging entered into by the Company and outstanding at end of the year is ₹42.39 Crore (Previous year ₹53.71 Crore)

Foreign Currency Exposure not hedged as at the Balance Sheet Date:

Sr. No.	Particulars	As at March 31, 2017		As at March 31, 2016	
		FC in Mn	₹ in Cr.	FC in Mn	₹ in Cr.
1	US Dollar *	8.11	52.57	8.20	54.39
2	Euro	44.11	305.44	69.39	521.08
3	GBP *	(0.02)	(0.14)	0.003	0.003
4	SEK	-	-	0.06	0.05

*Net of Receivables USD 1.22 Million – ₹7.93 Crore (Previous year USD 3.10 Million – ₹20.55 Crore) and GBP 0.02 Million – ₹0.14 Crore (Previous year GBP Nil - ₹Nil).

Interest Rate Swaps

The company has variable interest foreign currency borrowings, to offset the risk of variation in interest rates, the company has entered into, fix pay and variable receipt, interest rate swaps, these swap contracts are in US Dollar & Euro. Outstanding amortised notional value of loan for swap contracts and MTM taken there on are as follows :

Sr. No.	Particulars	As at March 31, 2017		As at March 31, 2016	
		Loan FC in Mn	MTM ₹ In Cr. (Gain)/Loss	Loan FC in Mn	MTM ₹ In Cr. (Gain)/Loss
1	US Dollar	7.77	0.80	1.67	0.46
2	Euro	28.80	(0.30)	-	-

Note - 53 Impairment Review

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

Key assumptions used in value-in-use calculations are:-

(i) Operating margins (Earnings before interest and taxes), (ii) Discount Rate, (iii) Growth Rates and (iv) Capital Expenditure

Note - 54 New Developments

a) The Company has ceased to be a party to Joint Venture Agreement with Oji JK Packaging Private Limited w.e.f 20th January, 2017

b) During the year 2016-17, JK Enviro-Tech Limited, a subsidiary of the Company, became its Wholly Owned Subsidiary Company

c) During the year 2016-17, JK Paper International (Singapore) Pte Limited JKPI (S) PL , previously known as Habras International (Singapore) Pte. Limited (subsidiary of JK Enviro-Tech Limited), become wholly owned subsidiary of JK Paper Limited w.e.f 8th of March 2017.

Note - 55 Information related to consolidated financials

The company is listed on stock exchange in India, the Company has prepared consolidated financial as required under Ind AS110, Sections 129 of Companies Act, 2013 and listing requirements. The consolidated financial statement is available on Company's web site for public use.

Note - 56 Events occurring After the Balance Sheet date

Dividend proposed to be distributed

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Dividend proposed for Equity Shareholders @ ₹1.50 per share (PY ₹0.50 per share)	24.51	7.43
Corporate Dividend Tax	4.99	1.51

Note - 57 Income Tax

a) Amount recognised in Statement of Profit and Loss

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Current Income Tax		
Current year	47.52	18.24
Adjustment in respect of current income tax of earlier year	(0.10)	0.00
MAT Credit Entitlement	(47.52)	(18.24)
Reversal of MAT credit entitlement	0.93	-
Total	**0.83**	**0.00**
Deferred Tax	68.05	28.34
Income tax expense reported in the statement of profit and loss	**68.88**	**28.34**

Note - 57	Income Tax (Contd.)

b) Reconciliation of effective tax rate

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Profit before tax	231.72	89.24
At applicable Statutory Income Tax Rate @ 30.90%	71.60	27.58
Reversal of 80IA	0.80	0.80
Donation	1.55	0.07
In House R&D Expenditure	(1.23)	(1.27)
CSR Expenditure	0.37	0.44
Others	(4.21)	0.73
Reported Income Tax Expense	**68.88**	**28.35**
Effective Tax Rate	**29.73%**	**31.76%**

Note - 58	First Time Adoption of Ind AS

These financial statements, for the year ended 31 March 2017, have been prepared in accordance with Ind AS, for the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101- First time adoption of Indian Accounting Standards, with April 01, 2015 as the transition date and IGAAP as the previous GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Note - 58 First Time Adoption of Ind AS (Contd.)

A. Reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS

₹ in Crore (10 Million)

Particulars	Note No.	As at March 31, 2016			As at April 01, 2015		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
I. ASSETS							
1. Non-Current Assets							
a) Property, Plant and Equipment	A	2,291.95	456.36	2,748.31	2,293.12	467.71	2,760.83
b) Capital work-in-progress		19.56	-	19.56	27.49	-	27.49
c) Other Intangible assets	A	2.52	0.12	2.64	3.68	0.19	3.87
d) Financial Assets							
Investments	B	24.61	6.00	30.61	28.01	7.26	35.27
Loans	C	36.59	(1.09)	35.50	55.48	(2.21)	53.27
Other financial assets	C	11.29	0.10	11.39	10.85	(3.32)	7.53
e) Other non-current assets	C	24.13	(18.58)	5.55	27.45	(20.65)	6.80
		2,410.65	**442.91**	**2,853.56**	**2,446.08**	**448.98**	**2,895.06**
2. Current Assets							
a) Inventories	A & K	337.71	(3.00)	334.71	373.55	(3.09)	370.46
b) Financial Assets							
Investments	B	10.00	0.01	10.01	-	-	-
Trade receivables		139.18	-	139.18	145.92	-	145.92
Cash and cash equivalents		7.73	-	7.73	9.76	-	9.76
Bank balances other than above		6.91	-	6.91	7.59	-	7.59
Loans		21.89	-	21.89	3.00	-	3.00
Other financial assets		10.24	-	10.24	6.98	-	6.98
c) Current Tax Assets (Net)		1.11	-	1.11	2.17	-	2.17
d) Other current assets	A & C	263.22	(162.94)	100.28	298.40	(162.19)	136.21
		797.99	**(165.93)**	**632.06**	**847.37**	**(165.28)**	**682.09**
Total Assets		**3,208.64**	**276.98**	**3,485.62**	**3,293.45**	**283.70**	**3,577.15**
II. EQUITY AND LIABILITIES							
1. Equity							
Equity Share Capital		148.53	-	148.53	136.62	-	136.62
Other Equity		750.10	212.46	962.56	641.36	225.99	867.35
		898.63	**212.46**	**1,111.09**	**777.98**	**225.99**	**1,003.97**
2. Liabilities							
1. Non-Current Liabilities							
a) Financial Liabilities							
Borrowings	C	1,446.13	(30.74)	1,415.39	1,605.85	(36.51)	1,569.34
Other financial liabilities		44.01	-	44.01	40.74	-	40.74
b) Provisions		3.59	-	3.59	1.79	-	1.79
c) Deferred tax liabilities (Net)	E	18.47	59.42	77.89	6.55	67.77	74.32
		1,512.20	**28.68**	**1,540.88**	**1,654.93**	**31.26**	**1,686.19**
2. Current Liabilities							
a) Financial Liabilities							
Borrowings		128.29	-	128.29	244.19	-	244.19
Trade payables	K	142.29	45.56	187.85	237.60	27.61	265.21
Other financial liabilities	C	415.08	(0.78)	414.30	327.48	(1.16)	326.32
b) Other current liabilities		98.21	-	98.21	50.08	-	50.08
c) Provisions	D	13.94	(8.94)	5.00	1.19	-	1.19
		797.81	**35.84**	**833.65**	**860.54**	**26.45**	**886.99**
Total Equity and Liabilities		**3,208.64**	**276.98**	**3,485.62**	**3,293.45**	**283.70**	**3,577.15**

Note - 58 First Time Adoption of Ind AS (Contd.)

B. Reconciliation Statement of Profit & Loss as previously reported under IGAAP to Ind AS for the year ended March 31, 2016

₹ in Crore (10 Million)

	Particulars	Note No.	IGAAP	Adjustments	Ind AS
I.	Revenue From Operations		2,454.72	109.18	2,563.90
II.	Other Income	F	14.75	(4.25)	10.50
III.	**Total Revenue (I+II)**		**2,469.47**	**104.93**	**2,574.40**
IV.	**EXPENSES**				
	Cost of materials consumed	G	1,293.18	(10.85)	1,282.33
	Purchases of Stock-in-Trade	K	171.30	0.01	171.31
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	K	19.30	(0.09)	19.21
	Excise Duty on sale of goods	H	-	126.65	126.65
	Employee benefits expense	F & I	182.28	(1.77)	180.51
	Finance costs	D	198.48	(3.26)	195.22
	Depreciation and amortization expense	A & J	107.31	9.90	117.21
	Other expenses	G	382.50	10.21	392.71
	Total expenses		**2,354.35**	**130.80**	**2,485.15**
V.	**Profit/(loss) before tax (III-IV)**		**115.12**	**(25.87)**	**89.25**
VI.	**Tax expense**				
	Current Tax (MAT)		23.63	-	23.63
	Less : MAT Credit Entitlement		(23.63)	-	(23.63)
	Deferred tax	E	35.56	(7.22)	28.34
VII.	**Profit/(loss) for the period**		**79.56**	**(18.65)**	**60.91**
VIII.	**Other Comprehensive Income**				
	Items that will not be reclassified to Profit and Loss				
	(i) Re-measurement Gain/(Loss) on Defined Benefit Plans	B & I	-	(3.67)	(3.67)
	(ii) Tax on above	E	-	1.13	1.13
	(iii) Equity Instruments through Other Comprehensive Income		-	(1.23)	(1.23)
	(iv) Tax on above		-	-	-
IX.	**Total Comprehensive Income (VII+VIII)**		**79.56**	**(22.42)**	**57.14**

C. Equity Reconciliation

₹ in Crore (10 Million)

Particulars	31st March 2016	1st April 2015
Total Equity (Shareholder's fund) as Per Previous GAAP	750.10	641.36
Adjustments		
Impact of EIR Method on Loans and Borrowings	4.77	9.46
Fair Valuation of Derivative Financial Instruments	0.60	(2.34)
Derecognition of Financial Assets	(45.69)	(27.82)
Impact of Fair Valuation of PPE and intangible assets	300.11	310.06
Reversal of Existing Revaluation Reserve	(2.86)	(2.86)
Impact due to Fair Valuation of non current Investment other than Subsidiary & Joint Venture	6.03	7.26
Proposed Dividend including Corporate Dividend Tax	8.94	-
Fair valuation of Financial Assets	(0.02)	-
Deferred Tax adjustment on above adjustments	(59.42)	(67.77)
Total Adjustments	**212.46**	**225.99**
Equity Attributable to Owners of the Company	**962.56**	**867.35**

Note - 58 First Time Adoption of Ind AS (Contd.)

D. There is no significant reconciliation items between cash flow prepared under Previous GAAP and prepared under Ind AS.

Disclosures as required by Indian accounting standard (Ind AS) 101 first time adoption of Indian Accounting Standards

Exemption and exceptions availed

Below mentioned are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(A) Ind AS Optional Exemptions:

Ind AS 101 allow first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has applied the following exemptions:

i) The company has elected to measure an item of Property plant and Equipments and intangible assets at the date of transition to Ind AS as at its fair value and use that fair value as deemed cost at that date

ii) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the company has done the assessment of lease in contracts based on conditions in prevailing as at the date of transition.

iii) The company has elected to apply previous GAAP carrying amount of its investment in subsidiaries, associates and joint ventures as deemed cost as on the date of transition to Ind AS.

iv) Ind AS 101 permits an entity to designate particular equity investment (Other than equity investment in subisdiaries, joint ventures and associates) as at fair value through other Comprehensive Income (FVOCI) based on facts and circumstances as the date of transition to Ind AS (rather than at intitial recognition). Other equity investment are classified at Fair Value through Profit & Loss (FVTPL). The Company has availed this exemption to designate certain equity investment as FVOCI on the date of trasition.

v) The company has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP

(B) Ind AS mandatory Exceptions:

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements.

i) Estimates

The estimates at April 01, 2015 and March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences if any, in accounting policies) apart from the items where application of Indian GAAP did not require estimation. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at the transition date and as of March 31, 2016.

ii) Derecognition of financial assets and financial liabilities

The Company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transitions occurring on or after the date of transition to Ind AS.

iii) Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Note - 58	First Time Adoption of Ind AS (Contd.)

Notes to the reconciliation of equity as at April 01, 2015 and March 31, 2016 and total comprehensive income for the year ended March 31, 2016A.

i) **Fair Value as deemed cost – Property Plant and Equipment (PPE)**

The Company has opted the option of fair value as deemed cost for the Property Plant and Equipment as on the date of transition to Ind AS. This has resulted in increase of ₹310.06 Cr in the value of the Property Plant and Equipment with corresponding increase in retained earnings of ₹310.06 Cr and deferred tax liability of ₹68.47 Cr . Further, the company has also recognised the revision in useful life as on date of transition to Ind AS to retained earnings and deferred tax liability.

Fair Value as deemed cost as on transition date for respective category of PPE is as under:

₹ in Crore (10 Million)

Category	Carrying value under Indian GAAP	Reclassification of Asset Held for sale	Fair value adjustments	Carrying value under Ind AS
Land- Freehold	9.89	-	265.44	275.33
Land- leasehold	0.14	-	82.62	82.76
Building	273.29	2.25	(14.14)	261.40
Plant & Machinery	1,993.38	155.59	(24.10)	2,124.87
Furniture & Fixture	1.91	-	0.11	2.02
Office equipment	4.81	-	(0.36)	4.45
Vehicle	7.62	-	0.13	7.75
Railway siding	2.08	-	0.17	2.25
Computer software	3.68	-	0.19	3.87
Total	**2,296.80**	**157.84**	**310.06**	**2,764.70**

Reclassification of Assets Held for sale and fair value adjustments led to additional depreciation of ₹9.90 Crore during the year ended March 31, 2016.

During the year ended March 31, 2016, the Company has sold some of the itmes of Property Plant and Equipment which was fair valued as on the transition date under Ind AS, such sale has resulted into reduction of profit on sale of Property Plant and Equipment by ₹0.15 Crore.

As the Company has opted the option of fair value as deemed cost for the Property Plant and Equipment as on the date of transition to Ind AS, hence the carrying value of revaluation reserve of ₹2.92 Cr has been adjusted against retained earnings on the date of transition. Subsequently during 2015-16, depreciation charged to revaluation reserve under previous GAAP has been reversed and depreciation as per Ind AS has been accounted for.

ii) As per the provisions of Ind AS 105, any non- current assets are to be classified as assets held for sale, if the sale of such assets is highly probable within a period of 12 months from the date of its classification. The Company has now reclassified its assets earlier held for sale as Property Plant & Equipment (PPE) - Assets Not in Active Use. Impact of depreciation has also been considered accordingly.

B. Investments (Non - Current & Current)

i) The company has elected to apply previous GAAP carrying amount of its investment in subsidiaries, associates and joint ventures as deemed cost as on the date of transition to Ind AS.

ii) For investment in Mutual Fund, company has elected to fair value through Profit and Loss Account(FVTPL)

iii) For investment in Quoted Instrument, company has elected to fair value through OCI.(FVTOCI)

C. Financial instruments

1 Derivative financial instruments

Under Indian GAAP, derivative contracts are restated at each balance sheet date to the extent of any reduction in value is recognised in Statement of Profit and Loss. A gain on valuation is only recognised by the Company if it represents the subsequent reversal of an earlier loss. Also under IGAAP premium on forward contract is amortised over the contract period and value was calculated excluding the premium.

Note - 58 First Time Adoption of Ind AS (Contd.)

Under Ind AS, both reductions and increases to the fair values of derivative contracts are recognised in profit & loss. Premium is not separately accounted and amortised.

2 **Financial assets and financial liabilities measured at amortized cost**

Under the previous GAAP, security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value.Under Ind AS 109-Financial Instruments, security deposits are required to be valued at fair value and difference between cost and fair value is to be amortised over the period of security as rental expenses and consequently interest income is to be booked at Effective Interest method in Profit and Loss Account

3 **Cost of borrowing**

Borrowing designated and carried at amortised cost are accounted on EIR method. The upfront fee or cost of borrowing incurred is deferred and accounted on EIR basis. Borrowings are shown as net of unamortised amount of upfront fee incurred.

D. Proposed Dividend

Under Indian GAAP, proposed dividends are recognised as liability in the period to which they relate irrespective of the approval by shareholders. Under Ind AS a proposed dividend is recognised as liability in the period in which it is declared (on approval of shareholders in a general meeting) or paid. Therefore the proposed dividend and dividend distribution tax for the F.Y. 2015-16 has been derecognised and recognised during 2016-17 on payment.

E. Deferred Tax

i) Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under Indian GAAP.

ii) In addition, the various transitional adjustments lead to different temporary differences resulting in recognition of deferred tax. Such deferred tax asset has been recognized in retained earnings.

iii) Deferred Tax liability recognised on fair valuation of PPE as on transition date has been reversed to the extent of assets sold during the year.

F. Fair Valuation of Financial Assets

i) Fair Valuation has been done for Loan given at lower rate of interest. Difference between loan amount and Fair value is recognised as interest income and Employee Cost expense as per Effective Interest Method in Profit and Loss Account.

ii) Mutual Funds has been fair valued through Profit and Loss (FVTPL)

G. Arrangement containing the lease

The company has entered into raw material supply arrangement which contains the lease. The arrangement has been classified as operating lease based on terms of the agreement, corresponding results in decrease of Cost of Material Consumed and Increase in Rent Expenses.

H. Excise Duty

Paragraph 8 of Ind AS 18, Revenue states that 'Revenue includes only the gross inflows of economic benefits received and receivable by the entity on its own account. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not having any economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue and shown separately.

I. Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Note - 58 First Time Adoption of Ind AS (Contd.)

J. Depreciation on Property, Plant and Equipment

Company has reversed depreciation charged on revaluation of PPE as per previous GAAP and Depreciation on Property, Plant and Equipment has been calculated on the fair value for the F.Y. 2015-16 and depreciation as per Ind AS has been accounted.

K. Company has derecognized its Financial Assets pertaining to Renewal Energy Certificate as on April 1, 2015 ₹26.97 Crore and ₹17.87 Crore for 2015-16 due to Ind AS adjustment and the same is included in Equity reconciliation as per Indian GAAP and Ind AS.

Note - 59 Disclosure on Specified Bank notes (SBNs)

During the year, the company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R 308(E) dated 30th March 2017, on the details of specified bank notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes as per the notification is given below:-

₹ in Crore (10 Million)

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash in hand 08.11.2016	0.72	0.49	1.21
Add : Permitted Receipts	-	0.83	0.83
Less : Permitted Payments	-	1.03	1.03
Less : Amounts deposited in Banks	0.72	-	0.72
Closing cash in hand 30.12.2016	**-**	**0.29**	**0.29**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

Note - 60 Segment information

Information about primary segment

The Company has only one business segment i.e. Paper and Boards and geographical reportable segment i.e. Operations mainly within India. The performance is reviewed by the Board of Directors (Chief operating decision makers).

Note - 61

Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

Note - 62

Notes 1 to 62 are annexed to and form an integral part of financial statements.

As per our report of even date

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 16th May, 2017

For and on behalf of the Board

B.H. SINGHANIA — Chairman
H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SANDIP SOMANY
SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WENK
Directors

Statement of Cash Flow for the year ended March 31, 2017

₹ in Crore (10 Million)

	Particulars	2016 - 17		2015 - 16	
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Net Profit before Tax and Extra-ordinary Items	231.72		89.24	
	Adjustments for :				
	Depreciation	119.52		117.21	
	Defined Benefit Plans charged to OCI	(4.58)		(3.67)	
	Income from Investments	(14.63)		(0.17)	
	(Profit)/ Loss on Sale of Assets (Net)	0.01		0.28	
	Dividend Income (CY ₹47,750/-)	(0.00)		(0.04)	
	Finance Cost	187.64		195.22	
	Interest Income	(11.06)		(10.29)	
	Foreign Exchange Fluctuation	(0.76)		0.67	
	Assets Written off	0.08		0.12	
	Bad Debts	0.25		0.19	
	Provision for Doubtful Debts	2.70		0.18	
	Provision for Doubtful Advances	-		1.44	
	Provision for earlier years no longer required	-		(1.00)	
	Operating Profit before Working Capital Changes	510.89		389.38	
	Adjustments for Working Capital Changes:				
	Trade and Other Receivables	56.28		40.60	
	Inventories	(48.23)		35.75	
	Trade and Other Payables	89.97		(39.66)	
	Cash generated from Operations	608.91		426.07	
	Taxes paid	(47.60)		(22.57)	
	Net Cash from Operating Activities		**561.31**		**403.50**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Fixed Assets	(67.77)		(37.73)	
	Sale of Fixed Assets	10.50		1.73	
	Sale/(Purchase) of Investments (Net)	(213.38)		(6.42)	
	Dividend Income (CY ₹47,750/-)	0.00		0.04	
	Interest Received	10.92		8.87	
	Net Cash from Investing Activities		**(259.73)**		**(33.51)**

Statement of Cash Flow for the year ended March 31, 2017

₹ in Crore (10 Million)

Particulars	2016 - 17		2015 - 16	
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Issue of Equity Share Capital	-		50.02	
Proceeds of Long-term Borrowings	249.84		114.01	
Repayment of Long-term Borrowings	(349.33)		(232.97)	
Proceeds/(Repayment) from Short-term Borrowings (Net)	(0.54)		(115.89)	
Interest and Financial Charges	(179.84)		(187.85)	
Dividend (including Dividend Tax)	(8.97)		(0.02)	
Net cash from Financing Activities		**(288.84)**		**(372.70)**
D. Increase/(Decrease) in Cash and				
Cash Equivalents - Cash & Bank Balance		**12.75**		(2.71)
E. Cash and Cash Equivalents as at the beginning of the				
year - Cash & Bank Balances (Note No. 18)		**14.64**		17.35
F. Cash and Cash Equivalents as at the close of the				
year - Cash & Bank Balances (Note No. 18)		**27.39**		14.64

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

As per our report of even date

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 16th May, 2017

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

For and on behalf of the Board

B.H. SINGHANIA — Chairman
H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SANDIP SOMANY
SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WENK
Directors

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement Containing salient features of the financial statement of Subsidiaries/ associate companies/ joint ventures

Part - "A" : Subsidiaries

₹ in Crore (10 Million)

Sl. No.	Particulars	Jaykaypur Infrastructure & Housing Limited	Songadh Infrastructure & Housing Limited	JK Enviro-Tech Limited	JK Paper International (Singapore) Pte. Limited
1	Financial Year ended on	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
2	Reporting Currency	Indian Rupees	Indian Rupees	Indian Rupees	US$
3	Closing Exchange Rate	-	-	-	64.8386
4	Share Capital	4.95	4.95	1.65	7.72
5	Reserve & Surplus/ (Accumulated Losses)	(1.26)	1.18	0.26	(0.20)
6	Total Assets	39.51	15.71	1.92	7.53
7	Total Liabilities	39.51	15.71	1.92	7.53
8	Investments	-	-	-	7.46
9	Total Turnover	6.07	2.62	0.18	0.00
10	Profit/ (Loss) before tax	0.15	0.12	0.03	(0.18)
11	Provision for Income Tax	0.12	0.04	0.00	0.00
12	Profit/ (Loss) after tax	0.03	0.08	0.03	(0.18)
13	Proposed Dividend	-	-	-	-
14	% of Shareholding	100%	100%	100%	100%

Part - "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

₹ in Crore (10 Million)

Sl. No.	Name of Joint Venture Company	Habras MZZ Plantation Myanmar Company Limited	Oji JK Packaging Private Limited
1	Financial Year/Period ended on	March 31, 2017	20th January, 2017
2	% of Shareholding	29%	20%
3	Investment in Joint Venture	7.46	12.59
	Extent of Holding %	29%	20%
4	Description of how there is significant influence	Based on Shareholding	Based on Shareholding
5	Reason why the Joint Venture is not consolidated	Not Applicable	Not Applicable
6	Net worth attributable to Share Holding as per latest Un-audited Balance sheet	7.46	0.92
7	Loss for the year	NIL	(13.35)
	i) Considered in consolidation	NIL	(2.67)
	i) Not Considered in consolidation	NIL	(10.68)

As per our report of even date

For and on behalf of the Board

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

B.H. SINGHANIA — Chairman
H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

K.S. MEHTA
Partner
Membership No. 008883

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UDAYAN BOSE
VINITA SINGHANIA
WIM WENK
Directors

New Delhi,
the 16th May, 2017

S.C. GUPTA
Vice President &
Company Secretary

Independent Auditor's Report

To
The Members
JK Paper Limited

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of JK Paper Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and Jointly controlled entities, comprising of the consolidated balance sheet as at March 31, 2017, the consolidated statement of profit and loss (including other comprehensive income), the statement of changes in equity, the statement of consolidated cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including itsJointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules made thereunder.

The respective Board of Directors of the companies included in the Group and of its Jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements gives 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, of the consolidated financial position of the Group and Jointly controlled entities as at March 31, 2017, and their consolidated financial performance (including other comprehensive income), the statement of change in equityand their consolidated cash flows for the year ended on that date.

OTHER MATTERS

(a) We did not audit the financial statements of three subsidiaries whose financial statements reflect total assets of ₹57.13crores as at March 31, 2017, total revenues of ₹8.87 crores and net cash inflows amounting to ₹1.50 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries based solely on the reports of the other auditors.

(b) We did not audit the financial statements of subsidiary namely JK Paper International (Singapore) Pte. Limited [formerly known as Habras International (Singapore) Pte. Limited], a foreign subsidiary, whose financial statements reflect total assets of ₹7.53 Crores, total revenue (net) of ₹0.00 Crores* (*₹2,121/-) and net cash flows amounting to ₹0.07 crores for the year ended as considered in the consolidated Ind AS financial statements, These financial statements and other financial information are unaudited and have been furnished to us by the management and our opinion on the financial results, to the extent they have been derived from such financial statements is based solely on the certificate furnished by the management.

(c) The Consolidated financial statements include the Company's share of net loss of ₹2.67 Crore for the year ended March 31, 2017 as considered in the consolidated financial statements, in respect of two joint ventures, whose financial statements have not been audited by us. These financial statements and other financial information are unaudited and have been furnished to us by the management and our opinion on the financial results, to the extent they have been derived from such financial statements is based solely on the certificate furnished by the management.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and financial statement certified by the management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the statement of change in equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

    d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules made thereunder.

    e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, and management certificate in respect of Jointly controlled entities, none of the directors of the Group and Jointly controlled entitiesincorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A", and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and Jointly controlled entitiesRefer to Note 37to the consolidated Ind AS financial statements;

   ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts,refer Note 19 & 24 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group, andJointly controlled entities.

   iii. There has been no delay in transferring amounts, required to be transferred, to theInvestor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and Jointly controlled entities incorporated in India.

   iv. The group has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the group refer note 47 to the Consolidated Ind AS financial statements.

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm's Registration Number: 000756N

K. S. Mehta
Partner
Membership Number: 008883

Place: New Delhi
Date: May 16, 2017

"Annexure A" to the Independent Auditor's Report

of even date on the Consolidated Ind AS financial statements of JK Paper limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of JK Paper Limited ('the Holding Company') and its subsidiary companies and Jointly controlled entities, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies and Jointly controlled entities which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Group and Jointly controlled entitiesinternal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that 1)pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Group and Jointly controlled entities incorporated in India have maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

a. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

b. In our aforesaid reports we are unable to comment under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one Jointly controlled entity, which are company incorporated in India for which no corresponding report of the auditors of such companies is available as the accounts are management certified.

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm's Registration Number: 000756N

K. S. Mehta
Partner
Membership Number: 008883

Place: New Delhi
Date: May 16, 2017

Consolidated Balance **Sheet** as at March 31, 2017

₹ in Crore (10 Million)

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-Current Assets				
Property, plant and equipment	2	2,635.08	2,749.13	2,761.79
Capital work-in-progress		15.51	20.18	27.50
Investment Property	2A	51.38	49.99	50.23
Other intangible assets	3	1.41	2.64	3.87
Financial Assets				
Investments	4	16.29	10.05	19.52
Loans	5	17.40	-	16.77
Other financial assets	6	8.41	11.39	7.53
Other non-current assets	7	6.09	5.55	6.80
		2,751.57	**2,848.93**	**2,894.01**
Current Assets				
Inventories	8	382.94	334.71	370.46
Financial Assets				
Investments	9	242.59	10.01	-
Trade receivables	10	110.81	139.18	145.92
Cash and cash equivalents	11	16.29	7.98	9.97
Bank balances other than above	12	13.81	7.80	7.59
Loans	13	-	20.49	2.00
Other financial assets	14	2.91	5.29	3.37
Current tax assets (net)	15	2.78	3.76	3.93
Other current assets	16	71.93	100.29	136.21
		844.06	**629.51**	**679.45**
Total Assets		**3,595.63**	**3,478.44**	**3,573.46**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	155.96	148.53	136.62
Other equity		1,165.29	953.57	863.30
		1,321.25	**1,102.10**	**999.92**
Non-controlling interest		**-**	**0.02**	**0.02**
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	18	1,299.05	1,415.39	1,569.34
Other financial liabilities	19	53.93	44.01	40.74
Provisions	20	1.60	3.59	1.79
Deferred tax liabilities (net)	21	99.56	79.42	76.00
		1,454.14	**1,542.43**	**1,687.89**
Current Liabilities				
Financial Liabilities				
Borrowings	22	127.75	128.29	244.19
Trade payables	23	231.45	188.36	265.41
Other financial liabilities	24	343.17	413.66	324.39
Other current liabilities	25	105.84	98.60	50.47
Provisions	26	12.03	5.00	1.19
		820.24	**833.91**	**885.65**
Total Equity and Liabilities		**3,595.63**	**3,478.44**	**3,573.46**
Significant Accounting Policies	1			

The accompanying notes referred to above form an integral part of the standalone financial statements

As per our report of even date

For and on behalf of the Board

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

B.H. SINGHANIA — Chairman
H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

K.S. MEHTA
Partner
Membership No. 008883

V. KUMARASWAMY
Chief Finance Officer

ARUN BHARAT RAM, DHIRENDRA KUMAR, M.H. DALMIA, SANDIP SOMANY, SHAILENDRA SWARUP, UDAYAN BOSE, VINITA SINGHANIA, WIM WENK — Directors

New Delhi,
the 16th May, 2017

S.C. GUPTA
Vice President &
Company Secretary

Statement of Profit & Loss for the year ended March 31, 2017

₹ in Crore (10 Million)

Particulars	Note	2016 - 17	2015 - 16
REVENUES:			
Sales		2,989.37	2,881.45
Less : Discounts		252.54	333.11
Net sales		**2,736.83**	**2,548.34**
Other operating revenue	27	27.20	15.56
Revenue from operations		**2,764.03**	**2,563.90**
Other Income	28	34.80	6.90
Total Revenue		**2,798.83**	**2,570.80**
EXPENSES			
Cost of materials consumed	29	1,268.40	1,282.33
Purchases of stock-in-trade		222.66	171.31
Changes in inventories of finished goods, stock-in-trade and work-in-progress	30	(4.69)	19.22
Employee benefits expense	31	218.15	180.62
Finance costs	32	187.64	195.23
Depreciation and amortisation expenses	33	120.68	118.29
Excise duty		135.42	126.65
Other expenses	34	407.04	388.36
Total Expenses		**2,555.30**	**2,482.01**
Profit before Interest, Depreciation & Tax (PBIDT)		**551.85**	**402.31**
Profit/(loss) before tax		**243.53**	**88.79**
Tax Expenses			
Current tax (MAT)		47.49	23.49
Less : MAT credit entitlement		(46.62)	(23.63)
Provision / (Credit) for deferred tax		68.17	28.19
Profit for the period		**174.49**	**60.74**
Share in Profit of Joint Venture		(2.67)	(4.81)
Non-controlling Interest (C.Y. ₹Nil and P.Y. ₹767/-)		-	-
Net profit after taxes, non-controlling interest and share of profit in Joint Venture		**171.82**	**55.93**
Other Comprehensive Income			
Items that will not be reclassified to Profit and Loss			
(i) Re-measurement gain/(loss) on defined benefit plans		(4.58)	(3.67)
(ii) Tax on (i) above		1.41	1.13
(iii) Equity Instruments through other comprehensive income		2.37	(1.23)
(iv) Tax on (iii) above		-	-
Total other comprehensive Income for the period		**171.02**	**52.16**
Earnings per equity shares			
1) Basic (in ₹)		11.39	3.91
2) Diluted (in ₹)		9.95	3.74
Significant accounting policies	1		

The accompanying notes referred to above form an integral part of the standalone financial statements

As per our report of even date

For and on behalf of the Board

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

B.H. SINGHANIA — Chairman
H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

K.S. MEHTA
Partner
Membership No. 008883

V. KUMARASWAMY
Chief Finance Officer

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SANDIP SOMANY

SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WENK

Directors

New Delhi,
the 16th May, 2017

S.C. GUPTA
Vice President &
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2017

A. Equity Share Capital

₹ in Crore (10 Million)

April 01, 2015	Changes in equity share capital during 2015-16	March 31, 2016	Changes in equity share capital during 2016-17	March 31, 2017
136.62	11.91	148.53	7.43	155.96

B. Other Equity

₹ in Crore (10 Million)

Particulars	Equity Pending Allotment (Convertible option exercised by FCCB)	Reserve and Surplus							Other Comprehensive Income (OCI)		Total
		Retained Earnings	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Debenture Redemption Reserve	General Reserve	Exchange diferences on translating the financial statements of a foreign operations	Items that will not be Reclassified to profit or loss		
									Re-measurement of the net defined benefit plans	Equity Instruments through OCI	
April 1, 2015	**-**	**428.01**	**29.92**	**3.00**	**350.04**	**1.48**	**43.59**	**-**	**-**	**7.26**	**863.30**
Profit for the year	-	55.93	-	-	-	-	-	-	-	-	55.93
Addition to equity share capital	-	-	-	-	38.11	-	-	-	-	-	38.11
Transfer from retained earnings	-	(57.00)	-	-	-	-	57.00	-	-	-	-
Other Comprehensive income for the year	-	-	-	-	-	-	-	-	(2.53)	(1.24)	(3.77)
Transfer from debenture redemption reserve	-	1.48	-	-	-	(1.48)	-	-	-	-	-
Adjustment for translation of Non Integral Foreign Operations (loss of ₹9,996)	-	-	-	-	-	-	-	-	-	-	-
March 31, 2016	**-**	**428.42**	**29.92**	**3.00**	**388.15**	**-**	**100.59**	**-**	**(2.53)**	**6.02**	**953.57**
Profit for the year	-	171.82	-	-	-	-	-	-	-	-	171.82
FCCB Conversion #	15.46	-	-	-	-	-	-	-	-	-	15.46
Addition to equity share capital	-	-	-	-	34.44	-	-	-	-	-	34.44
Transfer from retained earnings	-	(125.00)	-	-	-	-	125.00	-	-	-	-
Other Comprehensive income for the year	-	-	-	-	-	-	-	-	(3.16)	2.37	(0.79)
Dividend including corporate dividend tax	-	(8.94)	-	-	-	-	-	-	-	-	(8.94)
Adjustment for translation of Non Integral Foreign Operations	-	-	-	-	-	-	-	(0.27)	-	-	(0.27)
March 31, 2017	**15.46**	**466.30**	**29.92**	**3.00**	**422.59**	**-**	**225.59**	**(0.27)**	**(5.69)**	**8.39**	**1,165.29**

Conversion notice received from one of the FCCBs holders for conversion of FCCBs (Series 3) into Equity Shares for which share were issued after the balance sheet date.

The accompanying notes referred to above form an integral part of the standalone financial statements

As per our report of even date

For and on behalf of the Board

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

B.H. SINGHANIA — Chairman
H.P. SINGHANIA — Vice Chairman & Managing Director
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SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WENK

Directors

New Delhi,
the 16th May, 2017

S.C. GUPTA
Vice President &
Company Secretary

Notes to the Consolidated Financial Statement

Note - 1 Significant Accounting Policies- Consolidated Accounts

I. Significant Accounting Policies for the year ended March 31, 2017.

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria described below also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised, when all the significant risks and rewards of ownership of the goods have passed to the buyer, the Company no longer has effective control over the goods sold, the amount of revenue and costs associated with the transaction can be measured reliably and no significant uncertainty exists regarding the amount of Consideration that will be derived from the sales of Goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The sales include the excise duty and exclude Value added tax/sales tax. Export incentives, Duty drawbacks and other benefits are recognized in the Statement of Profit and Loss.

Interest income

Interest income is recognized on time proportion basis using the effective interest method.

Dividend Income

Dividend income is recognized when the right to receive payment is established, which is generally when shareholders approve the same.

Rental Income

Rental income is accrued on a time basis, by reference to the agreements entered with Tenant.

Renewal Energy Certificate

Renewable Energy Certificate (REC) benefits are recognized in Statement of Profit & Loss on sale of REC's.

(ii) Inventory Valuation

Inventories such as Raw Materials, Work-in-Progress, Finished Goods, Stock in Trade, Stores & Spares and Renewable Energy Certificates are valued at the lower of cost and net realisable value (except scrap/waste which are value 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.

(iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand cash at bank and demand deposits with banks with an original maturity of three months or less which are subject to an insignificant risk of change in value.

(iv) Property, Plant and Equipment (PPE)

On transition to Ind AS, the company has adopted optional exception under Ind AS 101 to measure Property, Plant and Equipment at fair value. Consequently the fair value has been assumed to be deemed cost of Property, Plant and Equipment on the date of transition. Subsequently Property, Plant and Equipment are carried at cost less accumulated depreciation and accumulated losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Property, plant and equipment acquired after the transition date are stated at cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

Note - 1 Significant Accounting Policies- Consolidated Accounts (Contd.)

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.

Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method over their useful lives as prescribed under Schedule II of Companies Act, 2013. 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 ₹5000/- and on Temporary Sheds is provided in full during the year of additions.

Depreciation will be charged from the date the assets is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leased Assets

Leasehold lands are amortized over the period of lease, Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

Intangible Assets

Intangible Assets are recognised, if the future economic benefits attributable to the assets are expected to flow to the company and cost of the asset can be measured reliably. All other expenditure is expensed as incurred. The same are amortised over the expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any and are amortised over their respective individual estimated useful life on straight line method.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted prospectively, if appropriate.

(v) Research and Development Costs

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 Asset.

(vi) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance Lease

Finance Lease that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability .Finance charges are recognised in finance costs in the statement of profit and loss unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating Lease

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.. Payments under operating lease are recorded in the Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(vii) Impairment

The carrying amount of Property, plant and equipments, Intangible assets and Investment property are reviewed at each Balance Sheet date to assess impairment if any, based on internal / external factors. An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value, being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount.

(viii)Financial Assets & Liabilities

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

(a) Financial Assets at Amortised Cost

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial Assets at Fair value through Other Comprehensive Income

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

(c) Financial Assets at Fair value through Profit or Loss

At the date of initial recognition, Financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Trade Receivables

A Receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Investment in Equity Shares

Investments in Equity Securities are initially measured at cost. Any subsequent fair value gain or loss is recognized through Profit or Loss if such investments in Equity Securities are held for trading purposes. The fair value gains or losses of all other Equity Securities are recognized in Other Comprehensive Income.

Investment in Associates, Joint Ventures and Subsidiaries

The Company has accounted for its investment in subsidiaries, associates and joint venture at cost.

Investments in Mutual Funds

Investments in Mutual Funds are accounted for at cost. Any subsequent fair value gain or loss is recognized through Profit or Loss Account.

Derecognition

Financial Asset is primarily derecognised when:

(i) The right to receive cash flows from asset has expired, or

(ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a " pass-through" arrangement and either:

  a) The Company has transferred substantially all the risks and rewards of the asset, or

  b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date with all the changes recognized in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statement

Note - 1 Significant Accounting Policies- Consolidated Accounts (Contd.)

b) Financial Liabilities measured at Amortised Cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR") except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

c) Loans and Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

d) Trade and Other Payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition of Financial Liability

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Offsetting of Financial Instruments

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Compound Financial Instruments

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost

Note - 1 Significant Accounting Policies- Consolidated Accounts (Contd.)

using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(ix) Foreign Exchange Transactions / Translations / Hedge Accounting

Financial statements are presented in Indian Rupee, which is Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Financial instruments designated as Hedge Instruments are mark to market using the valuation given by the bank on the reporting date. Exchange differences arising on settlement of monetary items on actual payments / realisations and year end translations including on forward contracts are dealt with in Profit and Loss Statement except exchange differences arising on those Long term foreign currency monetary items, related to acquisition of depreciable capital assets being carried forward from previous GAAP, which are adjusted to cost of such assets and depreciated over their balance life pursuant to the option in Notification No.G.S.R 914(E) dated 29th December, 2011 issued by Ministry of Corporate Affairs. Non Monetary Foreign Currency items are stated at cost.

(x) Employee Benefits

a) Defined Contribution Plan

The Company makes defined contribution to Superannuation Funds, which are accounted on accrual basis as expenses in the statement of Profit and Loss.

b) Defined Benefit Plan

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19., 'Employee Benefits' These liabilities are funded on year-to-year basis by contribution to respective funds. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each yearend. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, 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. The Employer shall make good deficiency, if any.

The Defined Benefit Plan can be short term or Long terms which are defined below:

i) Short-term Employee Benefit

All employees' benefits payable wholly within twelve months rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

ii) Long-term employee Benefits

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

c) Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred. The Company shall recognise a liability and expense for termination benefits at the earlier of the following dates:

(a) When the entity can no longer withdraw the offer of those benefits; and

(b) When the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Notes to the Consolidated Financial Statement

Note - 1 **Significant Accounting Policies- Consolidated Accounts (Contd.)**

(xi) Earnings per Share (EPS)

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(xii) Income Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum Alternate Tax

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

(xiii) Provisions and Contingent Liabilities /Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement. Contingent liabilities are not recognised but are disclosed in notes.

Note - 1 Significant Accounting Policies- Consolidated Accounts (Contd.)

Contingent Assets are not recognised in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

(xiv) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xvi) Fair Value Measurements

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

  Or

- In the absence of a principal market , in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(xvii) Investment Properties

Investment Properties comprises portions of freehold land and buildings that are held for long-term rentals yields and/or for capital appreciation. Investment properties are initially recognised at cost. Subsequent Investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on building is provided over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Though the Company measures investment property using cost based measurement, the fair value of investment is disclosed in notes.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised In the statement of profit and loss in the period of derecognition.

Notes to the Consolidated Financial Statement

Note - 1 Significant Accounting Policies- Consolidated Accounts (Contd.)

(xviii) Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements which have significant effect on the amounts recognized in the financial statement:

a. Income taxes

Judgment of the Management is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

b. Contingencies

Judgment of the Management is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

c. Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on ECL, which are the present value of the cash shortfall over the expected life of the financial assets.

d. Defined Benefit Plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These Includes the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(xix) Recent Accounting Pronouncements

a) Standards Issued but not yet effective

Amendments to Ind AS 7, 'Statement of cash flows' as per notification issued by the Ministry of Corporate Affairs in March, 2017 in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' is applicable to the Company from April 1, 2017.

b) Amendment to Ind AS 7

The amendment to Ind As 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment.

Notes to the Consolidated Financial Statement

Note - 2 Property, Plant and Equipments (PPE)

₹ in Crore (10 Million)

Description	Gross Carrying Value				Depreciation				Net Carrying Value	
	April 1, 2016	Additions/ Adjustments	Sales/ Adjustments	March 31, 2017	March 31, 2016	For the year	On Sales/ Adjustments	March 31, 2017	March 31, 2017	March 31, 2016
Land - Freehold (a)	275.33	-	-	275.33	-	-	-	-	275.33	275.33
- Leasehold	82.76	-	-	82.76	1.47	1.47	-	2.94	79.82	81.29
Building	272.57	11.08	0.04	283.61	9.89	10.26	0.04	20.11	263.50	262.68
Plant & Equipment (b)	2,209.16	(3.56)	65.56	2,140.04	100.20	102.22	56.61	145.81	1,994.23	2,108.96
Furniture and Fixture	2.27	0.22	0.03	2.46	0.40	0.41	0.02	0.79	1.67	1.87
Office Equipment	6.17	2.01	0.15	8.03	1.58	1.77	0.13	3.22	4.81	4.59
Vehicles & Locomotive	12.93	4.97	3.18	14.72	0.53	2.13	1.56	1.10	13.62	12.40
Railway Siding	2.25	0.32	-	2.57	0.24	0.23	-	0.47	2.10	2.01
Total	**2,863.44**	**15.04**	**68.96**	**2,809.52**	**114.31**	**118.49**	**58.36**	**174.44**	**2,635.08**	**2,749.13**
Previous year	2,761.79	105.68	4.03	2,863.44	-	116.21	1.90	114.31	2,749.13	

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 of ₹20.24 Crore for which title is yet to be transferred in name of the Company.

b) During the year ₹37.35 Crore has been deducted from Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year ₹62.96 Crore was added).

Note - 2 Property, Plant and Equipments (PPE)

₹ in Crore (10 Million)

Description	Gross Carrying Value				Depreciation				Net Carrying Value
	April 1, 2015	Additions/ Adjustments	Sales/ Adjustments	March 31, 2016	March 31, 2015	For the year	On Sales/ Adjustments	March 31, 2016	March 31, 2016
Land - Freehold (a)	275.33	-	-	275.33	-	-	-	-	275.33
- Leasehold	82.76	-	-	82.76	-	1.47	-	1.47	81.29
Building	261.40	11.17	-	272.57	-	9.89	-	9.89	262.68
Plant & Equipment (b)	2,124.87	84.79	0.50	2,209.16	-	100.32	0.12	100.20	2,108.96
Furniture and Fixture	2.52	0.15	0.40	2.27	-	0.54	0.14	0.40	1.87
Office Equipment	4.90	1.54	0.27	6.17	-	1.80	0.22	1.58	4.59
Vehicles & Locomotive	7.76	8.03	2.86	12.93	-	1.95	1.42	0.53	12.40
Railway Siding	2.25	-	-	2.25	-	0.24	-	0.24	2.01
Total	**2,761.79**	**105.68**	**4.03**	**2,863.44**	**-**	**116.21**	**1.90**	**114.31**	**2,749.13**

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 of ₹20.24 Crore for which title is yet to be transferred in name of the Company.

b) During the year ₹62.96 Crore has been added to Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year ₹113.56 Crore was deducted).

Notes to the Consolidated Financial Statement

Note - 2A Investment Property

₹ in Crore (10 Million)

Description	Gross Block				Depreciation				Net Block	
	April 1, 2016	Additions/ Adjustments	Sales/ Adjustments	March 31, 2017	April 01, 2016	For the year	Sales/ Adjustments	March 31, 2017	March 31, 2017	March 31, 2016
Land										
Freehold	6.99	-	-	6.99	-	-	-	-	6.99	6.99
Leasehold	12.01	-	-	12.01	1.23	0.20	-	1.43	10.58	10.78
Buildings	36.29	2.35	-	38.64	4.07	0.76	-	4.83	33.81	32.22
Total	**55.29**	**2.35**	**-**	**57.64**	**5.30**	**0.96**	**-**	**6.26**	**51.38**	**49.99**

₹ in Crore (10 Million)

Description	Gross Block				Depreciation				Net Block	
	April 1, 2015	Additions/ Adjustments	Sales/ Adjustments	March 31, 2016	April 01, 2015	For the year	Sales/ Adjustments	March 31, 2016	March 31, 2016	April 01, 2015
Land										
Freehold	6.99	-	-	6.99	-	-	-	-	6.99	6.99
Leasehold	12.01	-	-	12.01	1.03	0.20	-	1.23	10.78	10.98
Buildings	35.68	0.61	-	36.29	3.42	0.65	-	4.07	32.22	32.26
Total	**54.68**	**0.61**	**-**	**55.29**	**4.45**	**0.85**	**-**	**5.30**	**49.99**	**50.23**

As at 31st March 2015, the fair value of Land and Buildings are ₹52.78 Crores. These Valuations are based on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method.

Note - 3 Other Intangible Assets

₹ in Crore (10 Million)

Description	Gross Carrying Value				Amortisation				Net Carrying Value	
	April 1, 2016	Additions/ Adjustments	Sales/ Adjustments	March 31, 2017	March 31, 2016	For the year	On Sales/ Adjustments	March 31, 2017	March 31, 2017	March 31, 2016
Computer Software	3.87	-	-	3.87	1.23	1.23	-	2.46	1.41	2.64
Total	**3.87**	**-**	**-**	**3.87**	**1.23**	**1.23**	**-**	**2.46**	**1.41**	**2.64**
Previous year	3.87	-	-	3.87	-	1.23	-	1.23	2.64	

Note - 3 Other Intangible Assets

₹ in Crore (10 Million)

Description	Gross Carrying Value				Amortisation				Net Carrying Value
	April 1, 2015	Additions/ Adjustments	Sales/ Adjustments	March 31, 2016	March 31, 2015	For the year	On Sales/ Adjustments	March 31, 2016	March 31, 2016
Computer Software	3.87	-	-	3.87	-	1.23	-	1.23	2.64
Total	**3.87**	**-**	**-**	**3.87**	**-**	**1.23**	**-**	**1.23**	**2.64**

Notes to the Consolidated **Financial Statement**

Note - 4 Non- Current Investments

₹ in Crore (10 Million)

Particulars	Face Value /Share	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Share	Value	No. of Share	Value	No. of Share	Value
Quoted, Equity shares fully paid up							
Investment Carried at Fair Value through OCI							
JK Lakshmi Cement Limited	₹5/-	1,91,000	8.83	1,91,000	6.46	1,91,000	6.86
Udaipur Cement Works Limited	₹4/-		-		-	34,02,171	4.26
Unquoted, Equity shares fully paid up							
Investments Carried at Cost							
Investment in Equity instruments of Subsidiaries							
JK Enviro-tech Limited	₹10/-	16,50,000	-	16,50,000	-	16,50,000	-
Songadh Infrastructure & Housing Limited	₹10/-	49,50,600	-	49,50,600	-	49,50,600	-
Jaykaypur Infrastructure & Housing Limited	₹10/-	49,50,600	-	49,50,600	-	49,50,600	-
JK Paper International (Singapore) Pte. Limited	USD 1	11,91,000	-		-		-
Investment in Equity instruments of Joint Venture							
Oji JK Packaging Private Limited #	₹10/-		-	1,25,90,000	12.59	1,25,90,000	12.59
Share of Post acquisition profit and reserves			-		(9.00)		(4.19)
Habras MZZ Plantation Myanmar Company Limited	USD 1000	1,150	7.46	-	-	-	-
Share of Post acquisition profit and reserves			-		-		-
Investment in Others							
JK Paper Mills Employees' Co-operative Stores Limited @	₹10/-	250	0.00	250	0.00	250	0.00
			16.29		10.05		19.52
Aggregate book value of unquoted investments			7.46		3.59		8.40
Aggregate market value of quoted investments			8.83		6.46		11.12

Joint Venture Agreement with Oji JK Packaging Private Limited ceased w.e.f 20th January, 2017.

`@ ₹2500/-

Note - 5 Non Current Financial Assets - Loans

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good :-			
Other Loans & Advances (at amortised cost)			
JK Paper Employees' Welfare Trust	17.40	-	16.77
Total	**17.40**	**-**	**16.77**

Note - 6 Non Current Financial Assets - Others

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposits with Government Authorities	4.18	4.11	4.51
Derivative Financial Instruments (at fair value through P&L)	1.12	3.88	0.22
Others	3.11	3.40	2.80
Total	**8.41**	**11.39**	**7.53**

Notes to the Consolidated Financial Statement

Note - 7 Other Non Current Assets

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	1.24	0.64	0.88
Deposits with Government Authorities and Others	4.85	4.91	5.92
Total	**6.09**	**5.55**	**6.80**

Note - 8 Inventories

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw Materials #	214.98	164.54	179.68
Work-in-Progress @	17.49	23.59	22.30
Finished Goods	94.26	85.70	117.01
Stock in Trade	15.88	11.90	2.28
Stores & Spares #	40.11	48.77	49.06
Renewable Energy Certificates	0.22	0.21	0.13
Total	**382.94**	**334.71**	**370.46**

Includes Raw Materials in transit ₹9.89 Crore (As at 31-03-16 ₹5.91 Cr, 01-04-15 ₹2.99 Cr) and Stores & Spares in transit ₹2.48 Crore (As at 31-03-16 ₹1.68 Cr, 01-04-15 ₹2.09 Crore).

@ Includes Pulp in process ₹5.33 Crore (As at 31-03-16 ₹2.56 Cr, As at 01-04-15 ₹4.80 Crore) and Semi Finished Goods ₹12.16 Crore (As at 31-03-16 ₹21.03 Cr, 01-04-15 ₹17.50 Crore).

Note - 9 Current Investments

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments in Mutual Funds- at fair value through P&L			
Investment in Liquid Fund	242.59	10.01	-
Total	**242.59**	**10.01**	**-**
Aggregate book value of quoted investments	242.59	10.01	-

Note - 10 Trade Receivables

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured			
Considered Good	110.81	139.18	145.92
Considered Doubtful	15.43	13.09	19.18
	126.24	**152.27**	**165.10**
Less: Allowance for Doubtful Debts	15.43	13.09	19.18
Total	**110.81**	**139.18**	**145.92**

Notes to the Consolidated Financial Statement

Note - 11 Cash and Cash Equivalents

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash & Cash Equivalents			
Current Accounts	15.83	7.49	9.66
Cash on Hand	0.46	0.49	0.31
Total	**16.29**	**7.98**	**9.97**

Note - 12 Bank Balance other than Cash and Cash Equivalents

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other Bank Balances			
Unclaimed Dividend Accounts	0.12	0.15	0.18
Fixed Deposit with Scheduled Banks #	13.69	7.65	7.41
Total	**13.81**	**7.80**	**7.59**

Includes ₹1.48 Crore (As at 31-03-16 ₹1.48 Cr, 01-04-2015 ₹1.34 Crore) pledged with Government Authorities.

Note - 13 Current Financial Assets - Loans

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
JK Paper Employees` Welfare Trust	-	20.49	2.00
Total	**-**	**20.49**	**2.00**

Note - 14 Current Financial Assets - Other

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good			
Advances recoverable	1.08	1.85	0.53
Interest accrued but not due	1.02	0.80	0.70
Advances to Employees	0.72	1.78	0.80
Derivative Financial Instruments (at fair value through P&L)	0.09	0.86	1.34
Total	**2.91**	**5.29**	**3.37**

Note - 15 Current Tax Assets (Net)

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance Income Tax/ Tax deducted at source (net of provision)	2.78	3.76	3.93
Total	**2.78**	**3.76**	**3.93**

Notes to the Consolidated Financial Statement

Note - 16 Other Current Assets

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances recoverable	10.72	17.17	38.63
Advances to Suppliers	28.18	21.43	15.43
Indirect Tax Recoverable	29.49	57.19	76.02
Other Deposits	2.89	2.52	2.32
Prepaid Finance Charges	0.65	1.98	3.81
Doubtful advances			
Other	1.93	1.93	0.49
	73.86	**102.22**	**136.70**
Less : Allowance for Doubtful Advances	1.93	1.93	0.49
Total	**71.93**	**100.29**	**136.21**

Note - 17 Share Capital

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised :			
Equity Shares - 30,00,00,000	300.00	200.00	200.00
(20,00,00,000 equity share of ₹10 each as at 31-03-2016 and 01-04-2015)			
Redeemable Preference Shares - 2,00,00,000	200.00	300.00	300.00
(30,00,00,000 share of ₹100 each as at 31-03-2016 and 01-04-2015)			
	500.00	**500.00**	**500.00**
Issued, Subscribed and Paid-up :			
Equity Shares - 15,59,58,865 (14,85,30,625 and 13,66,20,625 equity share of ₹10 each each fully paid up a at 31-03-2016 and 01-04 2015 respectively)	155.96	148.53	136.62
	155.96	**148.53**	**136.62**

Notes :

(a) Reconciliation of Equity Share Capital (In numbers)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Shares outstanding at the beginning of the year	14,85,30,625	13,66,20,625	13,66,20,625
Add : Shares issued during the year	7,428,240	1,19,10,000	-
Less : Shares bought back during the year	-	-	-
Shares outstanding at the end of the year	**15,59,58,865**	**14,85,30,625**	**13,66,20,625**

Note - 17 Share Capital (Contd.)

(b) 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 ₹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.

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bengal & Assam Company Limited	3,64,18,299	3,64,18,299	3,28,43,299
BMF Investments Limited	3,00,89,797	22,52,297	22,52,297
J.K. Fenner (India) Limited	-	2,78,37,500	2,54,57,500
Florence Investech Limited	1,18,33,332	1,18,33,332	1,18,33,332
Trustees, JK Paper Employees Welfare Trust	98,28,655	1,15,39,710	1,16,81,112
International Finance Corporation	76,90,000	76,90,000	76,90,000

Note - 18 Non Current Financial Liabilities - Borrowings

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
SECURED			
Term Loan			
From Banks	1,261.13	1,309.52	1,409.87
From Financial Institutions	127.13	136.35	114.27
UNSECURED			
Foreign Currency Convertible Bonds (FCCB's)	117.72	260.59	232.47
Loan from Related Party	39.63	39.54	39.46
Public Deposits	24.34	17.14	11.33
Finance Lease obligation	-	0.34	0.76
	1,569.95	**1,763.48**	**1,808.16**
Less : Current maturities of Long Term Borrowings	270.90	348.09	238.82
Total	**1,299.05**	**1,415.39**	**1,569.34**

A. Term Loans of ₹499.66 Crore (FIs – ₹109.91 Crore, Banks ₹389.75 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets of the company . Out of the above Term Loan, ₹415.78 Crore (FIs - ₹109.91 Crore, Banks ₹305.87 Crore) are further secured by second charge on the current assets of the Company. These Term Loans are/shall repayable as under:-

1 Term Loans of ₹6.48 Crore is repayable in 3 equal half-yearly instalments from June 2017 to June 2018.

2 Term Loans aggregating to ₹484.30 Crore are repayable in total 194 quarterly instalments from June 2017 to October 2024.

3 Term Loan of ₹8.88 Crore is repayable in 4 equal quarterly instalments from June 2017 to March 2018.

Notes to the Consolidated Financial Statement

Note - 18 Non Current Financial Liabilities - Borrowings (Contd.)

B. Term Loans of ₹890.99 Crore (FIs – ₹Nil, Banks ₹890.99 Crore) is 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 repayable as under:-

1 Term Loans aggregating to ₹201.20 Crore are repayable in total 31 equal Quarterly-instalments from June 2017 to June 2021.

2 Term Loans aggregating to ₹349.07 Crore are repayable in total 44 equal half-yearly instalments from May 2017 to August 2023.

3 Term Loans aggregating to ₹340.72 Crore are repayable in total 60 quarterly instalments from May 2017 to March 2024.

C. Term Loan of ₹18.58 Crore (FIs – ₹18.58 Crore, Banks ₹Nil) is secured by equitable mortgage of townships of the subsidiaries of the company namely Jaykaypur Infrastructure & Housing Limited located at Jaykaypur, Rayagada & Songadh Infrastructure & Housing Limited located at Songadh, Tapi and are repayable in 57 monthly instalment from April 2017 to December 2021.

D. Term Loans aggregating to ₹1.10 Crore (FIs – ₹Nil, Banks ₹1.10) are secured by specific charge on the Vehicle hypothecated against these loans. These Term Loans are repayable in total 40 monthly instalments from April 2017 to July 2020.

E. Secured Term loans from Financial Institutions and Banks have been netted off by ₹22.07 Crore (FIs – ₹1.36 Crore, Banks ₹20.71 Crore) due to effective rate of interest.

F. Certain charges are in the process of satisfaction. Secured Term loans from Financial Institutions and Banks include ₹383.55 Crore foreign currency loans.

G. FCCB`s of EURO 17.10 Million @ 6.455% issued on 30th May, 2011 are convertible into equity shares of the company at an initial conversion price of ₹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 2017 to 15th May 2018 in 3 half yearly instalments. The amount of FCCB has been netted off by ₹0.69 Crore due to effective rate of interest.

H. Term Loan of ₹40 Crore from related party is repayable in 47 monthly instalment from June 2018 to April 2022. The amount of Loan from related party has been netted off by ₹0.37 Crore due to effective rate of interest.

I. Public deposits are due for repayment in 2017-18, 2018-19 & 2019-20.

Note - 19 Non Current Financial Liabilities - Other

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Deposits	45.96	40.91	36.69
Interest accrued but not due on loans	5.08	2.83	1.46
Derivative Financial Instruments (at fair value through P&L)	2.89	0.27	2.59
Total	**53.93**	**44.01**	**40.74**

Note - 20 Non Current Provisions

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits	1.60	3.59	1.79
Total	**1.60**	**3.59**	**1.79**

Notes to the Consolidated Financial Statement

Note - 21 Deferred Tax Liabilities

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	406.73	415.39	377.17
Tax on carried forward unabsorbed Depreciation	(225.43)	(286.09)	(294.72)
Tax on Others	15.15	0.39	20.19
a. Total Deferred Tax Liability	**196.45**	**129.69**	**102.64**
Opening MAT Credit Entitlements	(49.34)	(50.27)	(26.64)
Current MAT Credit Entitlement	(47.55)	-	-
b. Total MAT Credit Entitlement	**(96.89)**	**(50.27)**	**(26.64)**
c. Net Deferred Tax Liability (a+b)	**99.56**	**79.42**	**76.00**

(i) 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.

Note - 22 Current Finacial Liabilities - Borrowings

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
SECURED			
Working Capital Borrowings from Bank	74.60	52.72	122.21
UNSECURED			
Vendor Bill discounting	6.92	16.91	80.79
Buyer's Credit facilities from Bank	45.79	57.67	41.00
Public Deposits	0.44	0.99	0.19
Total	**127.75**	**128.29**	**244.19**

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

Note - 23 Current Finacial Liabilities - Trade Payable

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Payable			
Total outstanding dues of micro and small enterprises	0.19	-	-
Total outstanding dues of creditors other than micro and small enterprises	231.26	188.36	265.41
Total	**231.45**	**188.36**	**265.41**

Notes to the Consolidated Financial Statement

Note - 24 Current Finacial Liabilities - Other

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current maturities of Non Current Borrowings	270.90	348.09	238.82
Interest accrued but not due	16.45	19.24	18.38
Unclaimed Dividends #	0.12	0.15	0.18
Unclaimed Matured Deposits #	0.59	0.87	0.63
Unclaimed interest on Unclaimed Matured Deposits #	0.09	0.11	0.07
Derivative Financial Instruments (at fair value through P&L)	1.44	0.56	7.72
Capital Creditors	5.05	23.80	27.06
Other Payables	48.53	20.84	31.53
Total	**343.17**	**413.66**	**324.39**

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

Note - 25 Other Current Liabilities

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from Customers	4.92	7.20	10.33
Statutory Dues	21.75	14.11	13.67
Other Payables	79.17	77.29	26.47
Total	**105.84**	**98.60**	**50.47**

Note - 26 Short Term Provisions

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Employee Benefits	12.03	5.00	1.19
Total	**12.03**	**5.00**	**1.19**

Note - 27 Other Operating Revenues

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Insurance charges recovered	0.67	1.49
Excess Provision no longer required written back	-	1.00
Miscellaneous Income	26.53	13.07
Total	**27.20**	**15.56**

Note - 28 Other Income

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Interest Income	7.74	6.69
Dividend Income #	0.00	0.04
Profit on sale/Fair value of Current investment	14.63	0.17
Profit on sale of Non-Current investment	11.67	-
Foreign Exchange Fluctuation	0.76	-
Total	**34.80**	**6.90**

CY ₹47,750/-

Notes to the Consolidated Financial Statement

Note - 29 Cost of Materials Consumed

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Hardwood & Bamboo	671.74	676.15
Pulp	213.97	237.35
Chemicals	280.08	271.68
Packing Material	102.61	97.15
Total	**1,268.40**	**1,282.33**

Note - 30 Changes in Inventories of Finished Goods, Stock-in-trade and Work-in-progress

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Inventories at the beginning of the year		
Finished Goods	85.70	117.01
Stock In Trade	11.90	2.28
Stock-in-Process	23.59	22.30
Renewable Energy Certificates	0.21	0.13
	121.40	**141.72**
Inventories at the end of the year		
Finished Goods	94.26	85.70
Stock In Trade	15.88	11.90
Stock-in-Process	17.49	23.59
Renewable Energy Certificates	0.22	0.21
	127.85	**121.40**
Add:- Excise Duty on Variation of Stock	1.76	(1.10)
(Increase)/ decrease in stock	**(4.69)**	**19.22**

Note - 31 Employee Benefit Expenses

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Salaries, Wages, Allowances, etc.	200.97	164.92
Contribution to Provident and Other Funds	10.80	9.94
Staff Welfare Expenses	6.38	5.76
Total	**218.15**	**180.62**

Note - 32 Finance Costs

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Interest on:		
Term Loan and Fixed Deposits	157.35	163.28
Others	13.01	20.66
Other Borrowing Costs:		
Financial Charges	10.55	11.02
Premium on Forward Exchange Contracts	0.34	1.09
Lease rent on Machinery	0.03	0.07
Net (Gain) or Loss on foreign currency transaction	6.36	(0.89)
Total	**187.64**	**195.23**

Notes to the Consolidated Financial Statement

Note - 33 Depreciation and Amortisation Expenses

₹ in Crore (10 Million)

Particulars	2016-17	2015-16
Depreciation on PPE	119.45	117.06
Amortisation of Other Intangible Assets	1.23	1.23
Total	**120.68**	**118.29**

Note - 34 Other Expenses

₹ in Crore (10 Million)

Particulars		2016-17		2015-16
Consumption of Stores and Spares		58.80		52.98
Power, Fuel and Water		212.38		214.63
Repairs to Building		10.65		10.42
Repairs to machinery		29.95		27.48
Rent (Net)		9.01		8.91
Insurance		2.27		2.18
Rates and Taxes		0.79		0.65
Commission on sales		2.21		4.20
Directors' fees		0.19		0.15
Directors' Commission		1.22		0.65
Foreign Exchange Fluctuation		-		0.67
Loss on Sale of Assets		0.01		0.28
Asset Written off		0.08		0.12
Provision for Doubtful Advances		-		1.44
Bad Debts	0.60		6.46	
Less: Withdrawal from provision for doubtful debts	0.35	0.25	6.28	0.19
Provision for Doubtful Debts		2.70		0.18
Other Miscellaneous Expenses		76.53		63.23
Total		**407.04**		**388.36**

Note - 35 Principles of Consolidation:

a. The Consolidated Financial Statements comprise of the financial statements of JK Paper Limited (Parent Company) and the following as on March 31, 2017;

Name	Proportion of ownership interest	Financial Statements as on	Status
i) Subsidiaries:			
Jaykaypur Infrastructure & Housing Limited, India	100%	March 31, 2017	Audited
Songadh Infrastructure & Housing Limited, India	100%	March 31, 2017	Audited
JK Enviro-Tech Limited, India	100%	March 31, 2017	Audited
JK Paper International (Singapore) Pte Limited, Singapore	100%	March 31, 2017	Unaudited
ii) Joint Venture:			
Oji JK Packaging Private Limited, India	20%	20th January, 2017	Unaudited
Habras MZZ Plantation Myanmar Company Limited, Myanmar*	29.36%	March 31, 2017	Unaudited

*Joint venture on JK Paper International (Singapore) Pte Limited, Singapore

Note - 35	Principles of Consolidation (Contd.)

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. Investment in Joint Venture, are accounted for using equity method as per Indian Accounting Standard (Ind AS) 28 – "Accounting for Investments in Associates and joint ventures" notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014.

d. In case of foreign subsidiary, being non-integral operations, revenue items are consolidated at the average exchange rate during the year. All assets and liabilities are translated at year end exchange rate. The resulting exchange differences are accumulated in the Foreign Currency Translation Reserve.

e. The summary of share of Net Assets and Profit/(Loss) of Subsidiaries and Joint Venture:

₹ in Crore (10 Million)

Name of the Entity	Net Assets i.e Total Assets minus Total Liabilities		Share in Profit/(Loss)	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit	Amount
Subsidiaries				
Jaykaypur Infrastructure & Housing Limited	0.28%	3.69	0.02%	0.03
Songadh Infrastructure & Housing Limited	0.46%	6.13	0.05%	0.08
JK Enviro-Tech Limited	0.14%	1.91	0.02%	0.03
JK Paper International (Singapore) Pte Limited (Consolidated)	0.57%	7.52	(0.10)%	(0.18)
Joint Venture				
Oji JK Packaging Private Limited	0.00%	-	(1.56)%	(2.67)

f. Other Notes to Accounts of the Financial Statements of the Company and its subsidiaries are stated in their respective Financial Statements. Hence not disclosed again in Consolidated Accounts.

Note - 36	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 & Boards. Other Business Segment comprises activities for providing housing facilities to the employees engaged in Paper & Board manufacturing business. These operations are insignificant in the context of total turnover; hence same has been shown as "Others".

₹ in Crore (10 Million)

Sr. No.	Particulars	For the year ended March 31, 2017			For the year ended March 31, 2016		
		Paper & Board	Others	Total	Paper & Board	Others	Total
A	**Segment Revenue**						
	External Revenue	2,764.03	-	2,764.03	2,563.90	-	2,563.90
	Inter- segment Revenue	-	8.01	8.01	-	8.01	8.01
	Total Revenue	**2,764.03**	**8.01**	**2,772.04**	**2,563.90**	**8.01**	**2,571.91**
B	**Segment Results**						
	Segment Results (PBIT excluding Exceptional items)	392.90	3.47	396.37	273.94	3.18	277.12
	Less :						
	(i) Interest & Financial Charges (Net)	-	-	187.64	-	-	195.23
	(ii) Exceptional items	-	-	-	-	-	-
	(iii) Other Un-allocable Expenditure (net off Un-allocable Income)	-	-	(34.80)	-	-	(6.90)
	Total Profit / (Loss) before Tax (PBT)	**-**	**-**	**243.53**	**-**	**-**	**88.79**

Note - 36 Segment Reporting (Contd.)

₹ in Crore (10 Million)

Sr. No.	Particulars	For the year ended March 31, 2017 Paper & Board	Others	Total	For the year ended March 31, 2016 Paper & Board	Others	Total
C	**Capital Employed**						
	Segment Assets	3,534.55	61.08	3,595.63	3,435.10	43.34	3,478.44
	Segment Liabilities	2,271.52	2.86	2,274.38	2,373.71	2.61	2,376.32
	Total Capital Employed (net)	**1,263.03**	**58.22**	**1,321.25**	**1,061.39**	**40.73**	**1,102.12**
	Capital Expenditure	14.86	2.53	17.39	105.60	0.69	106.29
	Depreciation & Amortisation	119.53	1.15	120.68	117.22	1.07	118.29
	Non Cash Expenses other than Depreciation	-	-	-	-	-	-

Note - 37 Contingent Liabilities & Commitments (To The Extent Not Provided For)

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Contingent Liabilities:		
a) Claim against the company not acknowledged as debts.		
Excise duty/ Custom duty/Service tax liability in respect of matter in appeals	14.91	14.85
Sales tax/ VAT/Octroi liability in respect of matter in appeals	0.91	0.48
Income tax liability that may arise in respect of matters in appeal referred by the department	0.69	1.05
Other matters	7.26	10.37
b) Commitments:		
Contracts remaining to be executed on capital account (Net of Advances)	14.92	4.69
Balance of Investment committed	-	2.41
Export commitments against import of capital goods under EPCG scheme	399.40	585.65

In respect of certain disallowances and additions made by the income tax authorities, appeals are pending before the appellate authorities and adjustments , if any, will be made after the same are finally determined.

Note - 38

In respect of levy of Octroi pertaining to Unit - CPM by Songadh Group Gram Panchayat, the Company has paid ₹1.25 Crore till 31st March 1997 under protest and also created a liability of 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.

Note - 39

Advances recoverable shown under " Other Current Assets " in Note No.16 ,includes ₹4.27 Crore (Previous Year ₹6.90 Crore) payments made for various development projects being undertaken by the Company. The same will be adjusted once these projects are finalised.

Note - 40

a) During the year, the Company has allotted 74,28,240 Equity Shares of ₹10/- each upon conversion of FCCBs Series-2 of Euro 6.5 million. During the previous year 2015-16, the Company had allotted 1,19,10,000 Equity Shares of ₹10/- each on preferential basis to the Promoter and constituents of the Promoter Group for cash at a price of ₹42/- each (including a premium of ₹32/- each) on 16th September,2015. The proceeds of the said issue have been used towards augmenting the Net Worth of the Company.

Note - 40 (Contd.)

b) Company has receive the request from one of the FCCB Holder for conversion of FCCB's (Series 3) of Euro 2.4 million on 27th March, 2017 and accordingly an amount of ₹15.46 Cr has been considered as other equity.

c) The Company has allotted 74,28,240 Equity Shares of ₹10/- each upon conversion of FCCBs (Series 3) of Euro 6.5 million, after the financial year ended March 2017.

Note - 41 Earning Per Share

₹ in Crore (10 Million)

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
a)	Profit/ (loss) after tax for Basic Earnings Per share	171.82	55.93
	Add: Interest on Foreign Currency Convertible Bonds (FCCBs) (net of tax)	7.14	12.29
	Profit for Diluted Earnings Per Share	**178.96**	**68.22**
b)	**Weighted Average Number of Ordinary Shares**		
	Basic	15,08,71,029	14,30,63,740
	Effect of Conversion Option	2,89,78,567	3,94,82,824
	Diluted	**17,98,49,596**	**18,25,46,564**
c)	Nominal Value of Ordinary Shares	₹10/-	₹10/-
d)	**Earning Per Ordinary Share (₹)**		
	Basic	11.39	3.91
	Diluted	9.95	3.74

Note - 42 Related Party Disclosures

a) List of Related Parties

i. Associate of

Bengal & Assam Company Limited (BACL)

ii. Trust under common control

JK Paper Limited (JK Paper Mills) Compulsory Employees Provident Fund

JK Paper Limited Employees Gratuity Fund

JK Paper Limited Officers Superannuation Scheme

iii. Key Management Personnel (KMP)

Executive Directors

Shri Harsh Pati Singhania, Vice Chairman & Managing Director

Shri Om Prakash Goyal, Whole-time Director

Executives

Shri V. Kumaraswamy, Chief Finance Officer

Shri S. C. Gupta, Vice President & Company Secretary

Non-Executive Directors

Shri Bharat Hari Singhania, Chairman

Shri Arun Bharat Ram

Shri Dhirendra Kumar

Shri M. H. Dalmia

Shri R. V. Kanoria

Shri Sandip Somany

Shri Shailendra Swarup

Shri Udayan Bose

Smt. Vinita Singhania

Shri Wim Wienk

Notes to the Consolidated Financial Statement

Note - 42 Related Party Disclosures (Contd.)

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

₹ in Crore (10 Million)

Sl. No.	Nature of Transaction	Associate of BACL	
		2016 - 17	2015 - 16
(i)	Interest & Processing Fee Paid	5.30	5.31
(ii)	Rent Paid	0.05	0.04
(iii)	Equity Contribution Received	-	15.02
(iv)	Purchase of share of JK Enviro Tech Limited	0.02	-
(v)	Outstanding at end of the period - Payable	43.72	42.42

₹ in Crore (10 Million)

Sl. No.	Nature of Transaction	Trust under common control					
		Employees Provident Fund		Employees Gratuity Fund		Officers Superannuation Scheme	
		2016 - 17	2015 - 16	2016 - 17	2015 - 16	2016 - 17	2015 - 16
(i)	Contribution	3.11	2.81	6.60	5.01	0.67	1.22
(ii)	Outstanding at end of the period- Payable	0.28	0.27	1.03	0.91	0.65	0.98

Key Management Personnel (KMP) :

₹ in Crore (10 Million)

Sl. No.	Particulars	2016 - 17	2015 - 16
(i)	Short-term employee benefits #	20.19	9.74
(ii)	Commission and other benefits to non-executive directors *	1.29	0.78

The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

* Including sitting fees and commission

Note - 43 Financial Instruments

Financial Assets

₹ in Crore (10 Million)

Particulars	Note	Fair value hierarchy	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial assets designated at fair value through profit and loss								
a) Derivatives - not designated as hedging instruments	A	Level-2	1.21	1.21	4.74	4.74	1.56	1.56
b) Investment								
i) In mutual funds and others	B	Level-1	242.59	242.59	10.01	10.01	-	-
2. Financial assets designated at fair value through other comprehensive income								
Investment In Equity shares	C	Level-1	8.83	8.83	6.46	6.46	11.12	11.12

Notes to the Consolidated **Financial Statement**

Note - 43 Financial Instruments (Contd.)

Financial Assets

₹ in Crore (10 Million)

Particulars	Note	Fair value hierarchy	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
3. Financial assets designated at amortised cost								
a) Other Bank Balances*			13.81	13.81	7.80	7.80	7.59	7.59
b) Cash & Cash Equivalents*			16.29	16.29	7.98	7.98	9.97	9.97
c) Trade receivables*			110.81	110.81	139.18	139.18	145.92	145.92
d) Other receivables*			17.40	17.40	20.49	20.49	18.77	18.77
e) Other financial assets			10.11	10.11	11.94	11.94	9.34	9.34
4. Investment in Joint Venture	D		7.46	7.46	3.59	3.59	8.40	8.40
			428.51	**428.51**	**212.19**	**212.19**	**212.67**	**212.67**

Financial Liabilities

₹ in Crore (10 Million)

Particulars	Note	Fair value hierarchy	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
1. Financial liability designated at fair value through profit and loss								
a) Derivatives - not designated as hedging instruments	A	Level-2	4.33	4.33	0.83	0.83	10.31	10.31
2. Financial liability designated at amortised cost								
a) Borrowings	E		1426.8	1426.8	1543.68	1543.68	1813.53	1813.53
b) Trade payables*			231.45	231.45	188.36	188.36	265.41	265.41
c) Other financial liability*			392.77	392.77	456.84	456.84	354.82	354.82
			2,055.35	**2,055.35**	**2,189.71**	**2,189.71**	**2,444.07**	**2,444.07**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values.

A The fair values of derivatives are on MTM as per Bank

B Company has opted to fair value its mutual fund investment through profit & loss

C Company has opted to fair value its quoted investments in equity share through OCI

D As per Para D-15 of Appendix D of Ind AS 101, the first time adopter may chose to measure its investment in subsidiaries, JVs and Associates at cost or at fair value. Company has opted to value its investments in subsidiaries, JVs and Associates at cost.

E Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

* The carrying amounts are considered to be the same as their fair values due to short term nature.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Note - 44	Financial Risk Management Objectives and Policies

44.1 Financial risk factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk & interest rate risk. The Company calculates and compares the alternative sources of funding by including cost of currency cover also. Whenever, the currency cover costs are such as to neutralize the advantage in foreign currency, loans are hedged so as to not to lose advantage. The Company uses derivative financial instruments to reduce foreign exchange risk exposures.

i. Credit Risk

The Company evaluates the customer credentials carefully from trade sources before appointment of any distributor and only financially sound parties are appointed as distributors. The Company secures adequate deposits from its distributor and hence risk of bad debt is limited. The credit outstanding is sought to be limited to the sum of advances/deposits and credit limit determined by the company. The company have stop supply mechanism in place in case outstanding goes beyond agreed limits.

ii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e. currency rate , interest rate and other price related risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

a.) Foreign Currency Risk and sensitivity

The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to reduce foreign exchange risk exposures and follows its risk management policies to mitigate the same. After taking cognisance of the natural hedge, the company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	SEK	Total
Financial Assets					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	7.93	-	0.14	-	8.07
Other financials assets (including loans)	-	-	-	-	-
Financial liabilities					
Trade payables	(30.54)	(0.34)	*(0.00)	-	(30.88)
Borrowings	(187.52)	(360.24)	-	-	(547.75)
Interest Accrued but not due	(0.33)	(3.12)	-	-	(3.45)
Net assets / (liabilities)	**(210.46)**	**(363.70)**	**0.14**	**-**	**(574.01)**

* ₹37,011/-

Notes to the Consolidated Financial Statement

Note - 44 Financial Risk Management Objectives and Policies (Contd.)

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	SEK	Total
Financial Assets					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	20.55	-	-	-	20.55
Other financials assets (including loans)	-	-	-	-	-
Financial liabilities					
Trade payables	(32.44)	(0.68)	(0.03)	(0.05)	(33.20)
Borrowings	(210.18)	(566.72)	-	-	(776.90)
Interest Accrued but not due	(0.35)	(6.73)	-	-	(7.08)
Net assets / (liabilities)	**(222.42)**	**(574.13)**	**(0.03)**	**(0.05)**	**(796.63)**

The following table analyzes foreign currency risk from financial instruments as of April 1, 2015:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	SEK	Total
Financial Assets					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	21.59	-	0.36	-	21.95
Other financials assets (including loans)	-	-	-	-	-
Financial liabilities					
Trade payables	(33.65)	(1.51)	*(0.00)		(35.16)
Borrowings	(203.61)	(546.91)	-	-	(750.52)
Interest Accrued but not due	(0.31)	(6.24)	-	-	(6.55)
Net assets / (liabilities)	**(215.98)**	**(554.66)**	**0.36**	**-**	**(770.28)**

* ₹42,309/-

The following significant exchange rates have been applied during the year.

in ₹

INR	Year-end spot rate		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
USD	64.84	66.33	62.59
EUR	69.25	75.1	67.51
GBP	80.88	95.09	92.46
SEK	N.A.	8.15	N.A.

Foreign Currency Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Note - 44 Financial Risk Management Objectives and Policies (Contd.)

0.25% Increase and decrease in foreign exchanges rates will have the following impact on profit before tax

₹ in Crore (10 Million)

Particulars	2016 - 17		2015 - 16	
	0.25% Increase	0.25% decrease	0.25% Increase	0.25% decrease
USD Sensitivity	(0.02)	0.02	(0.05)	0.05
Euro Sensitivity	(0.01)	0.01	(0.02)	0.02
GBP Sensitivity (CY ₹3,398/-, PY ₹821/-)	0.00	(0.00)	(0.00)	0.00
SEK Sensitivity (CY ₹Nil, PY ₹1,228/-)	-	-	(0.00)	0.00
Increases/ (decrease) in profit or loss	**(0.03)**	**0.03**	**(0.07)**	**0.07**

Summary of Exchange difference accounted in Statement of Profit and loss:

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Currency fluctuations		
Net foreign exchange (gain)/ losses shown as operating expenses	-	0.67
Net foreign exchange (gain)/ losses shown as Finance Cost	0.95	4.68
Net foreign exchange (gain)/ losses shown as Other Income	(0.76)	-
Derivatives		
Currency forwards (gain) / losses shown as operating expenses	-	-
Interest rate swaps (gain) / losses shown as finance cost	5.41	(5.57)
Net foreign exchange (gain)/ losses shown as Other Income	-	-
Total	**5.60**	**(0.22)**

b. Interest Rate Risk and Sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debt. The Company has entered into various interest rate swap contracts, in which it agrees to exchange, at specific intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon principal amount. Borrowings at variable rates expose the Company to cash flow interest rate risk. With all other variables held constant, the following table demonstrates composition of fixed and floating rate borrowing of the company and impact of floating rate borrowings on company's profitability.

Interest Rate Risk Exposure

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	(₹ in Crores)	% of Total	(₹ in Crores)	% of Total	(₹ in Crores)	% of Total
Fixed Rate Borrowings	559.53	32.96%	497.12	26.28%	484.50	23.61%
Variable Rate Borrowings	1,138.17	67.04%	1,394.65	73.72%	1,567.85	76.39%
Total Borrowings	**1,697.70**	**100.00%**	**1,891.77**	**100.00%**	**2,052.35**	**100.00%**

Sensitivity on variable rate borrowings

₹ in Crore (10 Million)

Particulars	Impact on Profit & Loss Account		Impact on Equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Interest Rate Increase by 0.25%	(2.87)	(3.29)	(2.87)	(3.29)
Interest Rate decrease by 0.25%	2.87	3.29	2.87	3.29

Notes to the Consolidated Financial Statement

Note - 44 Financial Risk Management Objectives and Policies (Contd.)

c. Commodity price risk and sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

CREDIT RISK

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹110.33 Crore and ₹139.18 Crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account as per the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

in %

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from top customer	4.30%	4.09%
Revenue from top five customers	16.49%	17.01%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was ₹15.43 Crore.

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Balance at the beginning	13.08	19.18
Impairment loss reversed	(0.35)	(6.28)
Additional provision created during the year	2.70	0.18
Balance at the end	**15.43**	**13.08**

The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk

Ageing Analysis of Trade Receivables

₹ in Crore (10 Million)

Particulars	As at March 31, 2017				As at March 31, 2016			
	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months
Unsecured	92.57	15.66	-	18.01	99.56	33.70	0.11	18.90
Provision for Doubtful Receivables	-	-	-	15.43	-	-	-	13.09
Net Balance	**92.57**	**15.66**	**-**	**2.58**	**99.56**	**33.70**	**0.11**	**5.81**

Note - 44 Financial Risk Management Objectives and Policies (Contd.)

Liquidity risk

Liquidity risk arises when the Company will not be able to meet its present and future cash and collateral obligations. The risk management action focuses on the unpredictability of financial markets and tries to minimise adverse effects. The Company uses derivative financial instruments to hedge risk exposures. Risk management is carried out by the Finance department under Forex Policies as adopted and duly approved by the Board. The Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and company monitors rolling forecasts of its liquidity requirements.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	127.75	127.75	-	-	127.75
Borrowings - Non-Current	1,569.95	270.90	985.38	313.67	1,569.95
Trade payables	231.45	231.45	-	-	231.45
Other financial liabilities - Current	343.17	343.17	-	-	343.17
Other financial liabilities - Non-Current					
Trade Deposits	45.96	-	-	45.96	45.96
Interest accrued but not due on loans	5.08	-	4.92	0.16	5.08
Derivative Financial Instruments	2.89	-	2.35	0.54	2.89

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	128.29	128.29	-	-	128.29
Borrowings - Non-Current	1,763.48	348.09	1,037.27	378.13	1,763.48
Trade payables	188.36	188.36	-	-	188.36
Other financial liabilities - Current	413.66	413.66	-	-	413.66
Other financial liabilities - Non-Current					
Trade Deposits	40.91	-	-	40.91	40.91
Interest accrued but not due on loans	2.83	-	2.03	0.80	2.83
Derivative Financial Instruments	0.27	-	0.27	(0.00)	0.27

The table below provides details regarding the contractual maturities of significant financial liabilities as of April 1, 2015:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	244.19	244.19	-	-	244.19
Borrowings - Non-Current	1,808.16	238.82	1,080.37	488.96	1,808.16
Trade payables	265.41	265.41	-	-	265.41
Other financial liabilities - Current	324.39	324.39	-	-	324.39
Other financial liabilities - Non-Current					
Trade Deposits	36.69	-	-	36.69	36.69
Interest accrued but not due on loans	1.46	-	0.80	0.66	1.46
Derivative Financial Instruments	2.59	-	1.38	1.21	2.59

Note - 44	Financial Risk Management Objectives and Policies (Contd.)

44.2 Competition and Price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

44.3 Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be.

₹ in Crore (10 Million)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Borrowings	1,697.70	1,891.77	2,052.35
Less: Cash and cash equivalents including bank balance	30.10	15.78	17.56
Less: Current Investments	242.59	10.01	-
Net debt	**1,425.01**	**1,865.98**	**2,034.79**
Equity	1,321.25	1,102.10	999.92
Capital and Net debt	**2,746.26**	**2,968.08**	**3,034.71**
Gearing Ratio	52%	63%	67%

Note - 45	Derivative Financial Instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Forward Contract outstanding for the purpose of hedgeing at the Balance Sheet Date:

Sr. No.	Particulars	As at March 31, 2017		As at March 31, 2016	
		FC in Mn	₹ in Cr.	FC in Mn	₹ in Cr.
1	US Dollar	24.35	157.89	25.23	167.36
2	Euro	2.29	15.87	-	-

Nominal amounts of Complete Currency Swaps (CCS) for hedging entered into by the Company and outstanding at end of the year is ₹42.39 Crore (Previous year ₹53.71 Crore)

Foreign Currency Exposure not hedged as at the Balance Sheet Date:

Sr. No.	Particulars	As at March 31, 2017		As at March 31, 2016	
		FC in Mn	₹ in Cr.	FC in Mn	₹ in Cr.
1	US Dollar *	8.11	52.57	8.20	54.39
2	Euro	44.11	305.44	69.39	521.08
3	GBP *	(0.02)	(0.14)	0.003	0.03
4	SEK	-	-	0.06	0.05

*Net of Receivables USD 1.22 Million – ₹7.93 Crore (Previous year USD 3.10 Million – ₹20.55 Crore) and GBP 0.02 Million – ₹0.14 Crore (Previous year GBP Nil - ₹Nil).

Notes to the Consolidated Financial Statement

Note - 45 Derivative financial instruments

Interest Rate Swaps

The company has variable interest foreign currency borrowings, to offset the risk of variation in interest rates, the company has entered into, fix pay and variable receipt, interest rate swaps, these swap contracts are in US Dollar & Euro. Outstanding amortised notional value of loan for swap contracts and MTM taken there on are as follows:

Sr. No.	Particulars	As at March 31, 2017		As at March 31, 2016	
		Loan FC in Mn	MTM ₹ In Cr. (Gain)/Loss	Loan FC in Mn	MTM ₹ In Cr. (Gain)/Loss
1	US Dollar	7.77	0.80	1.67	0.46
2	Euro	28.80	(0.30)	-	-

Note - 46 First Time Adoption of Ind AS

These financial statements, for the year ended 31 March 2017, have been prepared in accordance with Ind AS, for the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101- First time adoption of Indian Accounting Standards, with April 01, 2015 as the transition date and IGAAP as the previous GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

A. Reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS

₹ in Crore (10 Million)

Particulars	Note No.	As at March 31, 2016			As at April 01, 2015		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
I. ASSETS							
1. Non-Current Assets							
a) Property, Plant and Equipment	A	2,342.76	406.37	2,749.13	2,344.30	417.49	2,761.79
b) Capital work-in-progress		20.18	-	20.18	27.50	-	27.50
c) Investment Property	A	-	49.99	49.99	-	50.23	50.23
d) Other Intangible assets	A	2.52	0.12	2.64	3.68	0.19	3.87
e) Financial Assets							
Investments	B	4.05	6.00	10.05	12.26	7.26	19.52
Loans	C	1.09	(1.09)	-	18.98	(2.21)	16.77
Other financial assets	C	11.29	0.10	11.39	10.85	(3.32)	7.53
f) Other non-current assets	C	24.13	(18.58)	5.55	27.45	(20.65)	6.80
		2,406.02	**442.91**	**2,848.93**	**2,445.02**	**448.99**	**2,894.01**
2. Current Assets							
a) Inventories	A & K	337.71	(3.00)	334.71	373.55	(3.09)	370.46
b) Financial Assets							
Investments	B	10.00	0.01	10.01	-	-	-
Trade receivables		139.18	-	139.18	145.92	-	145.92
Cash and cash equivalents		7.98	-	7.98	9.97	-	9.97
Bank balances other than above		7.80	-	7.80	7.59	-	7.59
Loans		20.49	-	20.49	2.00	-	2.00
Other financial assets		5.29	-	5.29	3.37	-	3.37
c) Current Tax Assets (Net)		3.76	-	3.76	3.93	-	3.93
d) Other current assets	A & C	263.23	(162.94)	100.29	298.40	(162.19)	136.21
		795.44	**(165.93)**	**629.51**	**844.73**	**(165.28)**	**679.45**
Total Assets		**3,201.46**	**276.98**	**3,478.44**	**3,289.75**	**283.71**	**3,573.46**

Notes to the Consolidated Financial Statement

Note - 46 First Time Adoption of Ind AS (Contd.)

₹ in Crore (10 Million)

Particulars	Note No.	As at March 31, 2016			As at April 01, 2015		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
II. EQUITY AND LIABILITIES							
1. Equity							
Equity Share Capital		148.53	-	148.53	136.62	-	136.62
Other Equity		741.11	212.46	953.57	638.98	224.32	863.30
		889.64	**212.46**	**1,102.10**	**775.60**	**224.32**	**999.92**
Non-controlling interest		0.02	-	0.02	0.02	-	0.02
2. Liabilities							
1. Non-Current Liabilities							
a) Financial Liabilities							
Borrowings	C	1,446.13	(30.74)	1,415.39	1,605.85	(36.51)	1,569.34
Other financial liabilities		44.01	-	44.01	40.74	-	40.74
b) Provisions		3.59	-	3.59	1.79	-	1.79
c) Deferred tax liabilities (Net)	E	20.00	59.42	79.42	6.55	69.45	76.00
d) Other non-current liabilities		-	-	-	-	-	-
		1,513.73	**28.68**	**1,542.41**	**1,654.93**	**32.94**	**1,687.87**
2. Current Liabilities							
a) Financial Liabilities							
Borrowings		128.29	-	128.29	244.19	-	244.19
Trade payables	K	142.80	45.56	188.36	237.80	27.61	265.41
Other financial liabilities	C	414.44	(0.78)	413.66	325.55	(1.16)	324.39
b) Other current liabilities		98.60	-	98.60	50.47	-	50.47
c) Provisions	D	13.94	(8.94)	5.00	1.19	-	1.19
d) Current Tax Liabilities		-	-	-	-	-	-
		798.07	**35.84**	**833.91**	**859.20**	**26.45**	**885.65**
Total Equity and Liabilities		**3,201.46**	**276.98**	**3,478.44**	**3,289.75**	**283.71**	**3,573.46**

B. Reconciliation Statement of Profit & Loss as previously reported under IGAAP to Ind AS for the year ended March 31,2016

₹ in Crore (10 Million)

	Particulars	Note No.	IGAAP	Adjustments	Ind AS
I.	Revenue From Operations		2,454.72	109.18	2,563.90
II.	Other Income	F	11.15	(4.25)	6.90
III.	**Total Revenue (I+II)**		**2,465.87**	**104.93**	**2,570.80**
IV.	**EXPENSES**				
	Cost of materials consumed	G	1,293.18	(10.85)	1,282.33
	Purchases of Stock-in-Trade	K	171.30	0.01	171.31
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	K	19.31	(0.09)	19.22
	Excise Duty on sale of goods	H	-	126.65	126.65
	Employee benefits expense	F & I	182.39	(1.77)	180.62
	Finance costs	D	198.49	(3.26)	195.23
	Depreciation and amortization expense	A & J	108.39	9.90	118.29
	Other expenses	G	378.15	10.21	388.36
	Total expenses		**2,351.21**	**130.80**	**2,482.01**
V.	**Profit/(loss) before tax (III-IV)**		**114.66**	**(25.87)**	**88.79**
VI.	**Tax expense**				
	Current Tax (MAT)		23.49	-	23.49
	Less : MAT Credit Entitlement		(23.63)	-	(23.63)
	Deferred tax	E	37.09	(8.90)	28.19
VII.	**Profit/(loss) for the period**		**77.71**	**(16.97)**	**60.74**

Note - 46 First Time Adoption of Ind AS (Contd.)

₹ in Crore (10 Million)

Particulars	Note No.	IGAAP	Adjustments	Ind AS
Share in Profit of Joint Venture		**(4.81)**	**-**	**(4.81)**
Non-controlling Interest		**-**	**-**	**-**
VIII. Net profit after taxes, non-controlling interest and share of profit in Joint Venture		**72.90**	**(16.97)**	**55.93**
IX. Other Comprehensive Income				
Items that will not be reclassified to Profit and Loss				
(i) Re-measurement Gain/(Loss) on Defined Benefit Plans	B & I	-	(3.67)	(3.67)
(ii) Tax on above	E	-	1.13	1.13
(iii) Equity Instruments through Other Comprehensive Income		-	(1.23)	(1.23)
(iv) Tax on above		-	-	-
X. Total Comprehensive Income (VIII+IX)		**72.90**	**(20.74)**	**52.16**

C. Equity Reconciliation

₹ in Crore (10 Million)

Particulars	31st March 2016	1st April 2015
Total Equity (Shareholder's fund) as Per Previous GAAP	741.08	638.99
Adjustments		
Impact of EIR Method on Loans and Borrowings	4.77	9.46
Fair Valuation of Derivative Financial Instruments	0.63	(2.36)
Derecognition of Financial Assets	(45.69)	(27.82)
Impact of Fair Valuation of PPE and intangible assets	300.11	310.06
Reversal of Existing Revaluation Reserve	(2.86)	(2.86)
Impact due to Fair Valuation of non current Investment other than Subsidiary & Joint Venture	6.03	7.26
Proposed Dividend including Corporate Dividend Tax	8.94	-
Fair valuation of Financial Assets	(0.02)	-
Deferred Tax adjustment on above adjustments	(59.42)	(69.43)
Total Adjustments	**212.49**	**224.31**
Equity Attributable to Owners of the Company	**953.57**	**863.30**

D. There is no significant reconciliation items between cash flow prepared under Previous GAAP and prepared under Ind AS.

Disclosures as required by Indian Accounting Standard (Ind AS) 101 first time adoption of Indian Accounting Standards Exemption and exceptions availed:

Below mentioned are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(A) Ind AS Optional Exemptions:

Ind AS 101 allow first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has applied the following exemptions:

i) The Company has elected to measure an item of Property plant and Equipments and intangible assets at the date of transition to Ind AS as at its fair value and use that fair value as deemed cost at that date

ii) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the company has done the assessment of lease in contracts based on conditions in prevailing as at the date of transition.

Note - 46 First Time Adoption of Ind AS (Contd.)

iii) The company has elected to apply previous GAAP carrying amount of its investment in subsidiaries, associates and joint ventures as deemed cost as on the date of transition to Ind AS.

iv) Ind-AS 101 permits an entity to designate particular equity investment (Other than equity investment in subisdiaries, joint ventures and associates) as at fair value through other Comprehensive Income (FVOCI) based on facts and circumstances as the date of transition to Ind AS (rather than at intitial recognition). Other equity investment are classified at Fair Value through Profit & Loss (FVTPL). The Company has availed this exemption to designate certain equity investment as FVOCI on the date of trasition.

v) The company has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

(B) Ind AS mandatory Exceptions:

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements.

i) Estimates

The estimates at April 01, 2015 and March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences if any, in accounting policies) apart from the items where application of Indian GAAP did not require estimation. The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at the transition date and as of March 31, 2016.

ii) Derecognition of financial assets and financial liabilities

The Company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transitions occurring on or after the date of transition to Ind AS.

iii) Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Notes to the reconciliation of equity as at April 01, 2015 and March 31, 2016 and total comprehensive income for the year ended March 31, 2016:

A. i) Fair Value as deemed cost – Property Plant and Equipment (PPE)

The Company has opted the option of fair value as deemed cost for the Property Plant and Equipment as on the date of transition to Ind AS. This has resulted in increase of ₹310.06 Cr in the value of the Property Plant and Equipment with corresponding increase in retained earnings of ₹310.06 Cr and deferred tax liability of ₹68.47 Cr . Further, the company has also recognised the revision in useful life as on date of transition to Ind AS to retained earnings and deferred tax liability.

Fair Value as deemed cost as on transition date for respective category of PPE is as under:

₹ in Crore (10 Million)

Category	Carrying value under Indian GAAP	Reclassification of Asset Held for sale	Fair value adjustments	Carrying value under Ind AS
Land- Freehold	9.89	-	265.44	275.33
Land- leasehold	0.14	-	82.62	82.76
Building	273.29	2.25	(14.14)	261.40
Plant & Machinery	1993.38	155.59	(24.10)	2124.87
Furniture & Fixture	2.06	-	0.11	2.17
Office equipment	4.96	-	-0.36	4.60
Vehicle	7.62	-	0.13	7.75
Railway siding	2.08	-	0.17	2.25
Computer software	3.68	-	0.19	3.87
Total	**2,297.10**	**157.84**	**310.06**	**2,765.00**

Note - 46 **First Time Adoption of Ind AS (Contd.)**

Reclasification of Assets Held for sale and fair value adjustments led to additional depreciation of ₹9.90 Crore during the year ended 3st March, 2016.

During the year ended March 31, 2016, the Company has sold some of the itmes of Property Plant and Equipment which was fair valued as on the transition date under Ind AS, such sale has resulted into reduction of profit on sale of Property Plant and Equipment by ₹0.15 Crore.

As the Company has opted the option of fair value as deemed cost for the Property Plant and Equipment as on the date of transition to Ind AS hence the carrying value of revaluation reserve of ₹2.92 Cr has been adjusted against retained earnings on the date of transition. Subsequently during 2015-16, depreciation charged to revaluation reserve under previous GAAP has been reversed, and depreciation as per Ind AS has been accounted for.

ii) As per the provisions of Ind AS 105, any non- current assets are to be classified as assets held for sale, if the sale of such assets is highly probable within a period of 12 months from the date of its classification. The Company has now reclassified its assets earlier held for sale as Property Plant & Equipment (PPE) - Assets Not in Active Use. Impact of depreciation has also been considered accordingly.

iii) Investment Property

Land and building in subsidiary companies that are held for long-term rentals yields and/or capital appreciation are classified as Investment Property

B. Investments (Non - Current & Current)

i) The company has elected to apply previous GAAP carrying amount of its investment in subsidiaries, associates and joint ventures as deemed cost as on the date of transition to Ind AS.

ii) For investment in Mutual Fund, company has elected to fair value through Profit and Loss Account(FVTPL)

iii) For investment in Quoted Instrument, company has elected to fair value through OCI.(FVTOCI)

C. Financial instruments

1 Derivative financial instruments

Under Indian GAAP, derivative contracts are restated at each balance sheet date to the extent of any reduction in value is recognised in Statement of Profit and Loss. A gain on valuation is only recognised by the Company if it represents the subsequent reversal of an earlier loss. Also under IGAAP premium on forward contract is amortised over the contract period and value was calculated excluding the premium.

Under Ind AS, both reductions and increases to the fair values of derivative contracts are recognised in profit & loss. Premium is not separately accounted and amortised.

2 Financial assets and financial liabilities measured at amortized cost

Under the previous GAAP, security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value.Under Ind AS 109-Financial Instruments, security deposits are required to be valued at fair value and difference between cost and fair value is to be amortised over the period of security as rental expenses and consequently interest income is to be booked at Effective Interest method in Profit and Loss Account.

3 Cost of borrowing

Borrowing designated and carried at amortised cost are accounted on EIR method. The upfront fee or cost of borrowing incurred is deferred and accounted on EIR basis. Borrowings are shown as net of unamortised amount of upfront fee incurred.

D. Proposed Dividend

Under Indian GAAP, proposed dividends are recognised as liability in the period to which they relate irrespective of the approval by shareholders. Under Ind AS a proposed dividend is recognised as liability in the period in which it is declared (on approval of shareholders in a general meeting) or paid. Therefore the proposed dividend and dividend distribution tax for the F.Y. 2015-16 has been derecognised and recognised during 2016-17 on payment.

Note - 46 First Time Adoption of Ind AS (Contd.)

E. Deferred Tax

i) Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under Indian GAAP.

ii) In addition, the various transitional adjustments lead to different temporary differences resulting in recognition of deferred tax. Such deferred tax asset has been recognized in retained earnings.

iii) Deferred Tax liability recognised on fair valuation of PPE as on transition date has been reversed to the extent of assets sold during the year.

F. Fair Valuation of Financial Assets

i) Fair Valuation has been done for Loan given at lower rate of interest. Difference between loan amount and Fair value is recognised as interest income and Employee Cost expense as per Effective Interest Method in Profit and Loss Account.

ii) Fair Valuation through profit and loss (FVTPL) for Mutual Fund.

G. Arrangement containing the lease

The company has entered into raw material supply arrangement which contains the lease. The arrangement has been classified as operating lease based on terms of the agreement, corresponding results in decrease of Cost of Material Consumed and Increase in Rent Expenses.

H. Excise Duty

Paragraph 8 of Ind AS 18, Revenue states that 'Revenue includes only the gross inflows of economic benefits received and receivable by the entity on its own account. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not having any economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue and shown separately.

I. Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

J. Depreciation on Property, Plant and Equipment

Company has reversed depreciation charged on revaluation of PPE as per previous GAAP and Depreciation on Property, Plant and Equipment has been calculated on the fair value for the F.Y. 2015-16 and depreciation as per Ind AS has been accounted.

K. Company has derecognized its Financial Assets pertaining to Renewal Energy Certificate as on April 1, 2015 ₹26.97 Crore and ₹17.87 Crore for 2015-16 due to Ind AS adjustment and the same is included in Equity reconciliation as per Indian GAAP and Ind AS.

Notes to the Consolidated Financial Statement

Note - 47 Disclosure on Specified Bank Notes (SBNs)

During the year, the company had Specified Bank Notes or other denomination notes as defined in the MCA notification G.S.R 308(E) dated 30th March 2017, on the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes as per the notification is given below:-

₹ in Crore (10 Million)

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash in hand 08.11.2016	0.72	0.49	1.21
Add : Permitted Receipts	-	0.83	0.83
Less : Permitted Payments	-	1.03	1.03
Less : Amounts deposited in Banks	0.72	-	0.72
Closing cash in hand 30.12.2016	**-**	**0.29**	**0.29**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

Note - 48

Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

Note - 49

Notes 1 to 48 are annexed to and form an integral part of financial statements.

As per our report of even date

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 16th May, 2017

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

For and on behalf of the Board

B.H. SINGHANIA — Chairman
H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SANDIP SOMANY
SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WENK
Directors

Statement of Consolidated Cash Flow for the year ended March 31, 2017

₹ in Crore (10 Million)

Particulars	2016 - 17		2015 - 16	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before Tax and Extra-ordinary Items	243.53		88.79	
Adjustments for :				
Depreciation	120.68		118.29	
Share in Profit of Joint Venture	(2.67)		(4.81)	
Defined Benefit Plans charged to OCI	(4.58)		(3.67)	
Income from Investments	(26.30)		(0.17)	
(Profit)/ Loss on Sale of Assets (Net)	0.01		0.28	
Dividend Income (CY ₹47,750/-)	(0.00)		(0.04)	
Finance Cost	187.64		195.23	
Interest Income	(7.74)		(6.69)	
Foreign Exchange Fluctuation	(0.76)		0.67	
Assets Written off	0.08		0.12	
Bad Debts	0.25		0.19	
Provision for Doubtful Debts	2.70		0.18	
Provision for Doubtful Advances	-		1.44	
Provision for earlier years no longer required	-		(1.00)	
Operating Profit before Working Capital Changes	512.84		388.81	
Adjustments for Working Capital Changes:				
Trade and Other Receivables	56.99		41.39	
Inventories	(48.23)		35.75	
Trade and Other Payables	89.61		(38.02)	
Cash generated from Operations	611.21		427.93	
Taxes paid	(46.51)		(23.32)	
Net Cash from Operating Activities		**564.70**		**404.61**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(69.42)		(39.03)	
Sale of Fixed Assets	10.51		1.73	
Sale/(Purchase) of Investments (Net)	(210.15)		(1.60)	
Dividend Income (CY ₹47,750/-)	0.00		0.04	
Interest Received	7.52		5.21	
Net Cash from Investing Activities		**(261.54)**		**(33.65)**

Statement of Consolidated Cash Flow for the year ended March 31, 2017

₹ in Crore (10 Million)

	Particulars	2016 - 17		2015 - 16	
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Proceeds from Issue of Equity Share Capital	-		50.02	
	Proceeds of Long-term Borrowings	249.83		114.01	
	Repayment of Long-term Borrowings	(349.33)		(232.97)	
	Proceeds/(Repayment) from Short-term Borrowings (Net)	(0.54)		(115.90)	
	Interest and Financial Charges	(179.83)		(187.87)	
	Dividend (including Dividend Tax)	(8.97)		(0.03)	
	Net cash from Financing Activities		**(288.84)**		**(372.74)**
D.	Increase/(Decrease) in Cash and				
	Cash Equivalents - Cash & Bank Balance		**14.32**		(1.78)
E.	Cash and Cash Equivalents as at the beginning of the				
	year - Cash & Bank Balances (Note No. 18)		**15.78**		17.56
F.	Cash and Cash Equivalents as at the close of the				
	year - Cash & Bank Balances (Note No. 18)		**30.10**		15.78

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

As per our report of even date

For SS KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 16th May, 2017

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Notes

THE PAPER INDUSTRY: COUNTERING MYTHS

Myth	Reality
The paper industry is resulting in deforestation	The Indian paper industry is an agro-based industry, not a forest-based one. Currently, 90% of total wood requirement is coming from agro or farm forestry. Industry led farm/ social forestry in collaboration with farmers has brought in 70 lakh hectares of marginal/ non-cultivable land under pulp wood plantation.
The paper industry is disturbing the ecological balance by cutting wood trees	The paper industry is wood-positive: it plants more trees through agro-forestry initiatives than it harvests. The pulp and paper industry consumes only 3% of the national wood requirement.
The paper industry is on a downward growth trajectory	Demand projections show that paper consumption could increase from around 16 million MT to 23.5 million MT in 2024-25. India is the fastest growing paper market in the world.
The Paper Industry is technologically outdated	The larger, organised mills have all invested in integration and state-of-the art pulp and paper machines. Around Rs. 25,000 cr investment has been made in capacity building and technology upgradation over five years.
Paper is an unsustainable industry	Integrated paper mills generate 60% of required power by utilizing renewable sources. Water consumption per tonne of paper decreased from 200 cubic meters to 50 cubic meters of water. Paper waste is fully recoverable and can be further recycled.
The paper industry does not invest in Research & Development	Today, paper mills are on the cutting edge of scientific research. Increased focus in on developing high-yielding, drought tolerant and disease resistant eucalyptus varieties. Several million clonal or seed routed saplings were made available to farmers at subsidized rates.

MEMBER J.K. ORGANISATION

JK PAPER

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