

ANNUAL REPORT 2012 - 2013

Creating Sustainable Growth



JK PAPER LTD.

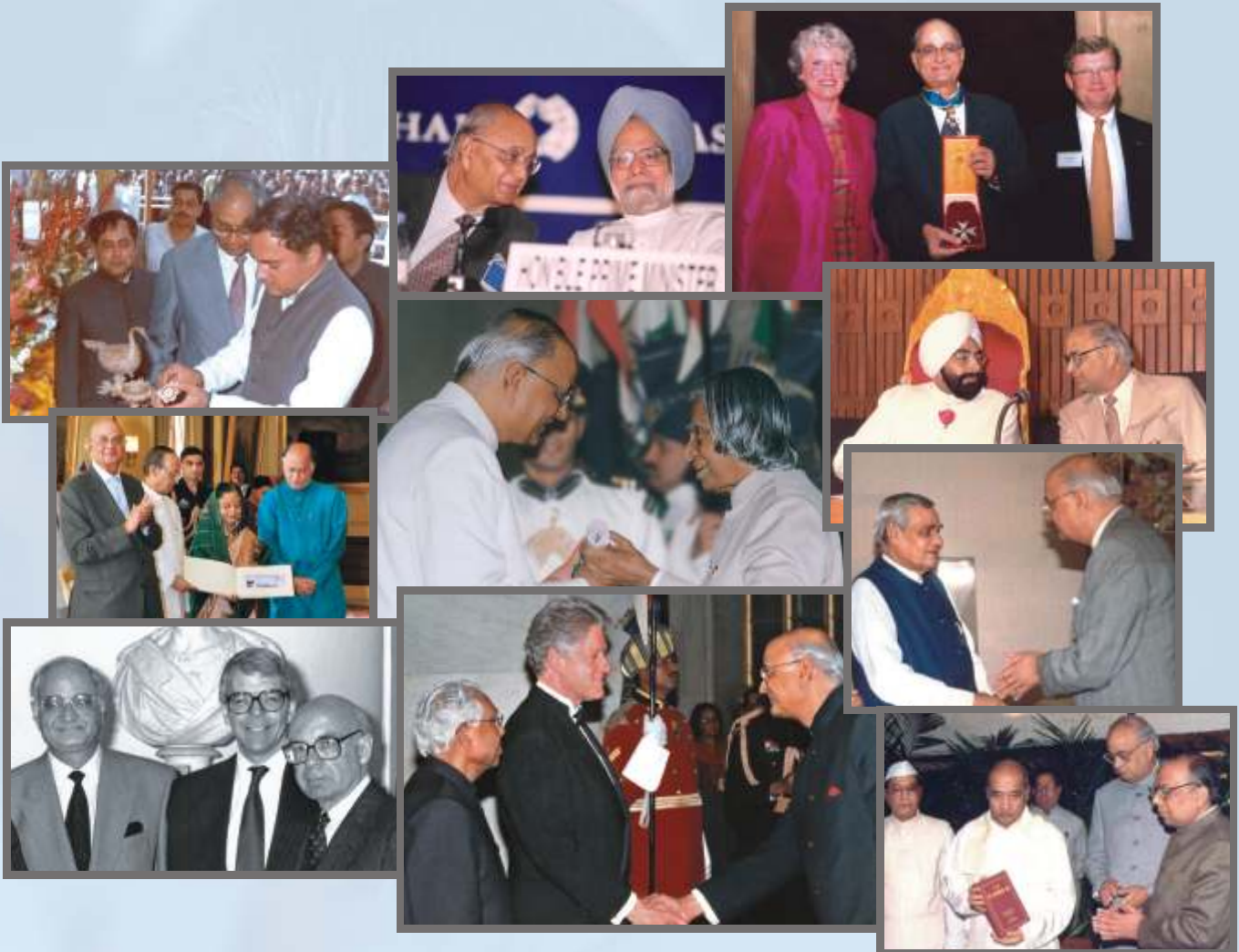
*Our respectful homage to an extraordinary
human being, an inspiring leader, remarkable industrialist
and phenomenal business pioneer.*



Shri Hari Shankar Singhania

(20th June, 1933 - 22nd February, 2013)

PRESIDENT, JK ORGANISATION



A GREAT LEADER & AN ICONIC INDUSTRIALIST

Leading industrialist, philanthropist and President of JK Organisation, Shri Hari Shankar Singhania, passed away on 22nd February 2013. Among his many stellar qualities was the ability to look into the future far better than most mortals could. Yet, in spite of his extraordinary business success, he always held close to his heart the well-being of human beings not as fortunate as him.

He was a doyen of Indian Industry, an institution builder, an entrepreneur, educationist, welfare protagonist and a visionary par excellence.

Hari Shankarji, who learnt the ropes of business under his illustrious father Late Lala Lakshmipatji Singhania, was actively involved in JK Organisation, one of the oldest and largest business Groups in the country, from 1951 at the age of 18 years. He soon became well-known for his entrepreneurial capabilities and setting up various pioneering ventures in India.

Hari Shankarji was involved in establishing and overseeing the Group's diverse businesses such as Aluminium, Paper, Steel, Insurance, Jute, Paints, Office equipment etc. Taking the growth of the Group forward, he set up various industries in several product categories such as Tyre, Cement, Automotive products & Power Transmission systems, Agri Genetics, Dairy products, Sugar, Drugs & Pharmaceuticals, Textiles and more. Today, thanks to his leadership, many of these have emerged as leaders in their respective fields, manufacturing and marketing world class products. He took keen interest in ensuring that areas around industrial plants in particular, most of them being in backward areas, are developed for overall growth of the society at large.

His un-relenting focus on quality and customer satisfaction, and his belief "When it is good enough, improve it", built the culture of excellence in all the Companies within the JK Group.

He also established education and medical foundations which are running a number of schools, academies, university and hospitals across the country. These include the Pushpawati Singhanian Research Institute (PSRI), a Super Speciality Hospital in Delhi, as well as the newly set up JK Lakshmipat University in Rajasthan which combines the serene settings of the Gurukuls of yesteryears with the technological advancements of the new age. He served as Chairman of Board of Governors of Indian Institute of Management, Lucknow for 15 years.

For his contribution in the field of commerce and industry, in the economic development of India, the President of India had conferred him with the prestigious 'Padma Bhushan' award in 2003. In 2005, Hari Shankar ji was awarded one of the highest Swedish awards - Royal Order of the Polar Star - by the King of Sweden for his contribution to the development of Indo-Swedish business relations.

Hari Shankarji was the second Indian to serve as the President of the International Chamber of Commerce (ICC), Paris, during 1993 & 94. He was involved with Confederation of Asia-Pacific Chambers of Commerce and Industry, Taipei. He was the only Indian to be nominated on the Board of Atlas Copco, Sweden. He also held with distinction, and was the first Indian, to serve on the Board of the Commonwealth Development Corporation. He led various industry chambers and councils in India and abroad Bharat Chamber of Commerce, Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM etc.

In his passing we have lost not just a leader but an extraordinary human being.

His vision will continue to inspire us to strive towards ever-increasing heights in the years to come.

FAR-SIGHTED VISIONARY

The foundation of JK Paper Mills, owes its pre-eminent leadership position to the vision and calibre of Shri Hari Shankar Singhanian. He set about putting up the mill under his father Late Lala Lakshmipatji and was in control soon. Sacrificing his personal comforts and working out of make shift offices, he went on to set up plant of 18,000 tons per annum capacity, what was then a major project that consolidated the Group's presence in the Indian Paper and Packaging Board Industry. His passion and commitment towards making JK Paper an industry leader and ensuring value creation for all the stakeholders never waned till the very last day of his life.

There was never a day when he took his gaze off JK Paper Limited, forever leading, motivating and inspiring change to ensure that the Company remained at the forefront of the Industry. Today, as the Company completes its



1. Shri Hari Shankar Singhanian talking to LPS school children during his visit to unit CPM
2. Shri Hari Shankar Singhanian explaining the details of unit JKPM to Shri Morarji Desai, Dy. Prime Minister & Shri R N Singhdeo, Chief Minister of Orissa in May, 1967
3. Shri Hari Shankar Singhanian with Sir Padampat Singhanian, Lala Lakshmipat Singhanian, Shri PS Navalakha, other executives and workers at the Paper Machine-I, October, 1962
4. Shri Hari Shankar Singhanian visiting class room at LPS Public School along with Mrs M. Geeta, senior teacher in the year 1983
5. Muhurt Ceremony of JK Paper Mill (JKPM) on 18th October 1962. On the dais from left to right Shri Hari Shankar Singhanian, Sir Padampat Singhanian, Lala Lakshmipat Singhanian and Shri PS Navalakha

most ambitious expansion plan to enhance capacity to 4,55,000 tons per annum, it is indeed a long journey from the first plant of 18,000 tons per annum capacity in 1962. Hari Shankarji's ability to foresee emerging trends and customer preferences enabled the Company to introduce product innovations from time to time. The Company, under his visionary leadership, introduced varieties like Air Mail Bond, mass market Cut Size Copier papers, Maplitho and other varieties. His often quoted statement "When it is good enough, improve it" found expression in the many milestones that JK Paper has achieved. It is a tribute to his understanding of the role technology plays in attaining scale and reducing the use of resources like water and energy that after the latest expansion, JK Paper will be amongst the lowest cost producers of paper in the country.

Hari Shankarji not only provided vision to the Paper Industry in India but also worked hard for its development and growth. His yearly observations and comments were an important input for policy framing and articulating industry point of view. He held important positions such as Chairman, Development Council for Pulp, Paper and Allied Industries set up by the Government (1990-91), Chairman, Joint Committee on Paper Industry as also as Chairman, Indian Paper Makers Association (1976). In 2008, he was conferred upon the prestigious "Paper Industry International Hall of Fame Award" by the Paper Industry International Hall of Fame Inc, USA.

His inspiring leadership, vision and ideas will continue to guide JK Paper in its future journey.

THE PHILANTHROPIST

"People are not pulled from the front or pushed from behind...they are driven from within."

Hari Shankarji always believed in the philosophy of improving the quality of life of people and societies at large, while setting up industry, particularly in backward areas. With this objective, the Group has established a number of Education, Health and Social Welfare Centers and Institutes across the country, including Education at Ekal Vidyalayas, running and supporting various schools in the rural areas. Six ITIs under PPP Model were adopted, and SC/ST Girls hostels supported. He was the inspiration behind undertaking exemplary projects like 'Parivartan' & 'Natal care' for Women and 'Adult Literacy programmes' for illiterates. Several mobile clinics, medical and eye camps are being organised regularly, for needy people of the areas around our manufacturing facilities. He was keen on development of green areas, water harvesting etc., around industrial establishments, as a measure towards protecting the environment. The Company has adopted several environment friendly practices and has been bestowed with numerous green tech safety and environment management awards.



1. Shri Harsh Pati Singhania showing Shri Hari Shankar Singhania the new pack design of JK Copier during his visit to unit CPM in 2010
2. Shri Hari Shankar Singhania talking to a worker at Wills Cutter-II during his visit to unit JKPM in October, 2007
3. Shri Hari Shankar Singhania visiting the Packaging Board Plant at unit CPM alongwith Shri Ashish De and Shri NK Agarwal in August, 2010
4. Shri Hari Shankar Singhania being conferred upon the prestigious 'Paper Industry International Hall of Fame Award' in 2008 by the Paper Industry International Hall of Fame Inc, USA
5. Shri Hari Shankar Singhania and Shri OP Goyal in conversation with the teachers of ITI, Ukai

C o n t e n t s

Board of Directors _____	1
Chairman's Statement _____	2
Vice Chairman & Managing Director's Message ____	3
Creating Value for the Company _____	4
Directors' Report _____	12
Management Discussion and Analysis _____	19
Corporate Social Responsibility Report _____	26
Corporate Governance Report _____	28
Auditors' Report _____	35
Balance Sheet _____	40
Statement of Profit & Loss _____	41
Notes on Accounts _____	42
Cash Flow Statement _____	64
Consolidated Financial Statement _____	67

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

SHAILENDRA SWARUP

SHAILESH HARIBHAKTI

UDAYAN BOSE

VINITA SINGHANIA

WIM WIENK

Offices

Registered Office

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

Administrative Office

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

Bankers

State Bank of India
Axis Bank
Canara Bank
IDBI Bank

Company Website

www.jkpaper.com

Plants

JK Paper Mills (Unit JKPM)

Jaykaypur - 765 017
Rayagada (Orissa)

Central Pulp Mills (Unit CPM)

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

Auditors

S.S. Kothari Mehta & Co.
Chartered Accountants

Company Secretary

Suresh Chander Gupta



Chairman's Statement

Dear Shareholder,

I begin by paying my humble tributes to the memory of Shri Hari Shankar Singhania. He provided the strategic direction and leadership to the Company's growth and development over the last 50 years. Indeed, he has contributed significantly to the Group's growth and successes in the recent decades.

Hari Shankarji achieved excellence in whatever he did. His contribution to India's industrialisation is well known and this was made possible

by his hard work, strategic vision and clear thinking. He was also keen on developing and fostering leadership at different levels and made the Group truly a "people's organisation". I have seen and worked with him closely and he has been a source of inspiration for me both in my professional and personal life.

Hari Shankarji led JK Paper to become a major force in the Indian Paper and Board industry. His life and achievements have set an example for all of us to follow. I believe that the best tribute that we can pay is to take forward his legacy and make the Company achieve many more milestones in its future journey.

The World Economic Outlook seems to have improved recently but the recovery will be uneven. There are many uncertain factors and constraints and hence the growth is likely to be modest. Domestically, Indian economy also faces many challenges such as high inflation, difficult external Balance of payments situation and high interest rate regime. These have adversely impacted and will continue to influence, in the near term, India's overall economic growth and the Paper and Board industry.

In the medium to long term, however, the young and an aspirational India offers a multitude of opportunities: both for overall economic growth and domestic Paper and Board Industry. Along with this, an expanding digital printing segment, greater thrust of Central and State Governments on spending in education sector and demand for environmental friendly packaging materials are other positive aspects. These will help to accelerate growth in the Indian Paper and Board industry.

The performance of the Company should be seen in this context. The Company is readying itself to roll out its new Paper machine. With the commercial production coming out soon, it will see a substantial increase in its sales volume and profitability.

The imperative is to produce and sell cost-competitive products with the highest quality standards. With the many favourable factors that the Company has, it will be able to meet the future challenges and also take advantage of the growing opportunities.

The Company is fortunate to have had the full support and cooperation from all its stakeholders. It has highly talented and committed team and their passion to perform is well known. The Company's Corporate Social Responsibility (CSR) initiatives have also been well received and recognised by the local community around its production facilities.

With the continued support from all of you, I am confident that JK Paper will be able to become even more vibrant in future.

I wish all the shareholders and their family members all success in their endeavours.

BHARAT HARI SINGHANIA

Vice Chairman & Managing Director's Message

Dear Shareholder,

This year's Annual Report begins with a tribute to the memory of Shri Hari Shankar Singhania; whose inspiring leadership and vision guided the Company to achieve a leadership position in the industry. It will be difficult to fill the void caused by his demise. Yet we pledge ourselves to follow the path that he has shown and prove worthy of his trust and legacy.

This has been a year of change and challenge for JK Paper Limited; doubling the capacity at Unit JKPM in Odisha and maintaining its premium leadership position in a difficult market. JK Paper is well positioned to overcome the challenge and further strengthen the brand equity it enjoys in the value added premium segments. The Company has revamped its marketing infrastructure with a focus on higher quality and better customer service through extended reach. A Joint venture to manufacture high quality Corrugated Packaging Boards is a step towards diversifying its business portfolio.

Medium to long term outlook for Indian paper and board industry is promising. India's per capita consumption of paper and board is lower than many other emerging countries. The trend, however, in the recent past, has seen a steady rise in per capita consumption which is expected to rise further given the emerging dynamics of demand for universal education and growth in the business and commerce that requires high quality writing and printing paper and high quality packaging boards.

The Company's major expansion programme for Office papers at its Odisha Unit has reached an important milestone by conducting trials in various sections of equipments. The new plant employs contemporary technology and will provide higher operational efficiencies through improved yields and reduced cost of production. The high quality paper produced from this facility will also provide competitive advantage to the company and increase market share in the coming years.

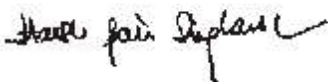
Our farm forestry programme has gained further momentum and an additional 11,300 hectares of land have been cultivated. The total acreage under farm forestry cultivation now stands at over 1 lakh hectares. Greater thrust on farm forestry programme shall enable the Company to meet its raw material requirements and keep raw material costs under control.

The development of human capital has been a focus area for the Company. During the year, the Company developed a talented team of engineers and executives through a rigorous selection process and training programmes so as to enable them to handle the operations of new plant.

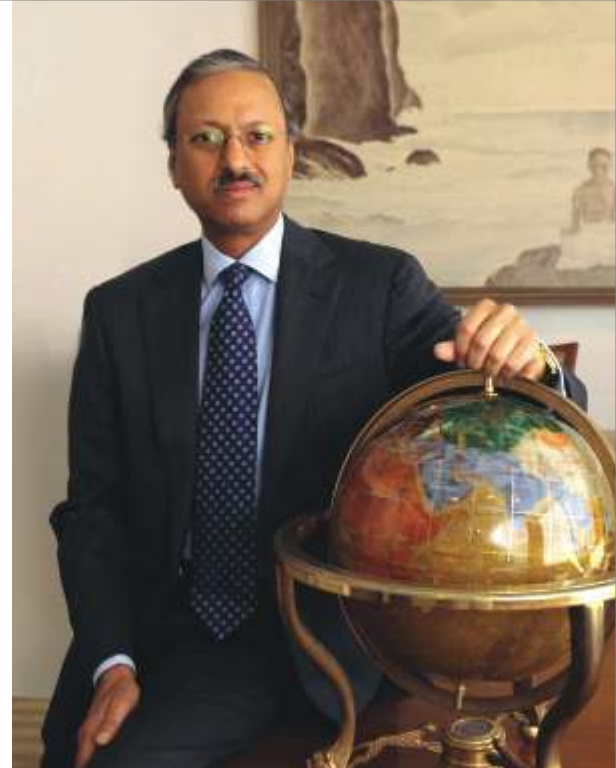
JK Paper is amongst the pioneers in the movement of Corporate Social Responsibility (CSR). Our efforts to enrich the community go back right to the inception. Today there are number of CSR interventions that are being carried out for the local community, led by a competent team of in-house Managers and a local NGO set up by the Company. These have brought positive changes in the lives of local people.

The Company has been fortunate to have had full cooperation from all its stakeholders and with your continued support, I am confident that we will continue to march ahead, become a vibrant organisation as well as a responsible corporate citizen.

I offer my best wishes to the shareholders and their family members!



HARSH PATI SINGHANIA





Creating Value for the Company

The world around us is changing fast; so are the needs and aspirations of our customers, shareholders & other stakeholders. Forever challenging us to be better than yesterday. Quality and sustainability have become synonymous in a world where shareholder value must be pursued along with stakeholder value.

JK Paper, as in the past, is yet again gearing up to meet the rising expectations of not only its shareholders and customers but also of other important stakeholders viz., the community and the country. In a world where achieving more with less is becoming the norm, JK Paper has taken the lead in producing more quantity, higher quality but with less raw materials and lower environmental imprint.

Our resolve is to be environmentally most efficient, socially responsible and transparently governed organisation. To this end, we have made significant investments in scaling up our operations to be amongst the leaders in sustainable business practices. We are investing Rs. 1653 crores in expanding our existing manufacturing capacity from 2,90,000 TPA to 4,55,000 TPA per annum. More than twenty five times the capacity of 18,000 TPA that we started with way back in 1962. Integrated alongside is a new state-of-the-art Pulp making capacity of 2,15,000 TPA that will make JK Paper one of the largest integrated producers of “best-in-class” quality paper.





Creating Value for Customers

The growth of Indian Paper industry has been impressive. This growth has come from the expansion of business and office communication, the education and the social welfare schemes of the government. It is a unique mix where high value and premium paper has been used in business communication and office segments while low cost but quality paper has been in demand by the social sector.

The demand for high quality papers has been further driven by high speed printing and copying machines with colour reproduction. JK Paper has consistently produced quality printing and copier paper to secure its leadership position in the business communication and office segments. Our expansion has been driven by our commitment to continuously produce paper that matches global quality standards. Our state of the art plant is fully automated and the paper produced will be virtually untouched till the time it is shipped out. The new machines will produce international quality paper, which is compatible for coloured print outs and digital printing. Our photocopy paper comes with features like smoother running, good printability and sharper colour.

Organised retail is further providing a new opportunity for value added packaging and there is a shift from low quality packaging boards to superior varieties. Our brands JK Tuff-Cote and JK Ultima are in great demand. A new investment is also being made in a joint venture for setting up a modern corrugated packaging facility. This will serve the high end consumer durables, electronic components, FMCG and the food processing sectors.





Creating Value for People

Fostering a culture of ownership and excellence has been the basic principle of our human resource planning and policy. Motivated employees, who act as leaders in their own sphere of work, drive the Company into the future; this principle has been adapted to the emerging needs of leadership and management. New talent has been recruited for running of the new plant and has gone through extensive training in skills and knowledge and is now ready to operate and maintain the new facility.

The future will be different from what we have seen in the past; and this requires a significant change in mind-set across the Company. To stay in step, senior and middle management regularly participate in programmes that enhance skills in strategy and management. This year senior management participated in the Top Management Conference conducted by the renowned Prof. Ram Charan themed “Competitive Strategies for Business Uncertainties”. The participants at the Conference were prepared by the Guru to face uncertainties in the business in short as well as long term.

Regular Communication Meetings at the Manufacturing Sites and the Head Office are conducted. Employees are encouraged to participate and contribute to the intellectual acumen of the organisation. The exercise fosters team work and builds ownership. Employees are also encouraged to volunteer in community and social development activities.





Creating Sustainable Environment

Doing more with less has become an article of faith in our journey to be environmentally the most sustainable manufacturer of paper and paper products. It is our endeavour to exceed the prescribed norms. Notable achievements have been made in reducing the consumption of energy and water and reducing emissions. Thrust is given on the activities for reduction of solid waste generation, finding effective ways of re-utilization of solid waste, reduction of effluents, sustainable forestry products and effective use of bio products as alternative fuel. Green power generated out of biomass is contributing to 22% of total power consumption at Unit JKPM. The unit has received over 20,000 RECs for generating power by using steam produced from biomass and is the first such power project in Odisha. Overall, various energy saving measures have resulted in saving of Rs.445 lacs on energy costs.

Various measures have been put in place to reduce the consumption of water in the manufacturing process. These include both technological and house-keeping interventions. A significant achievement has been the use of treated water for irrigation. We are well on our way to use 75% of the treated water for irrigation in agriculture and plantations.

Contrary to the common perception, the paper industry enables greening of the environment through its extensive farm forestry programme. JK Paper has long believed that social forestry programme is a win-win for the community and the industry. We have, over the years, increased our acreage to over 1,00,000 hectares and have ambitious plans to increase this further in the coming years. This has enabled the Company to get carbon credits and access the Bio Carbon Fund of the World Bank. The grants have been distributed to over 1,400 small and marginal farmers.



DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 52nd Annual Report and Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

Rs in Crore (10 million)

	2012-13
Sales	1,721.38
Profit Before Finance Costs and Depreciation (PBITD)	144.41
Profit before Depreciation and Tax (incl. Exceptional Items)	110.25
Profit after Tax	37.70
Surplus brought forward	271.56
Total amount available for appropriation	309.26

APPROPRIATIONS:

Capital Redemption Reserve	0.03
Debenture Redemption Reserve	0.82
Dividend (incl. Tax on Dividend)	7.99
Surplus carried to Balance Sheet	300.42
TOTAL	309.26

DIVIDENDS

With a view to conserve cash and reduced profitability for the year, the Directors recommend a dividend of 5% on the Equity Share Capital (Rs. 0.50 Per share). The total outgo including tax on account of dividend would be Rs. 7.99 Crore.

DIRECTORS

Your Directors express their profound grief and sorrow on the sad demise of Shri Hari Shankar Singhania, Chairman of the Board of Directors, JK Paper Limited and President JK Organisation, on 22nd February 2013. He was associated with the Group's Paper business for over 50 years. Under his leadership, an integrated pulp and paper mill of 18,000 TPA was established at Unit JKPM, Odisha in 1962. Since then, the capacity of JK

Paper's business has grown to 2,90,000 TPA. The ongoing expansion project was also started by him, which will further enhance the Company's capacity to 4,55,000 TPA. He not only provided vision to the paper industry in India but also worked hard for its development and growth.

Shri Singhania, who learnt the ropes of business under his illustrious father late Lala Lakshmi Patji, was actively involved with J.K. Organisation since 1951, from the young age of 18 years, and held various positions before he assumed the Chairmanship of various Companies. Shri Singhania contributed immensely not only in the progress of your Company but also in the growth of industrialization and economic development of India for which he received numerous prestigious Indian & International awards and recognitions. Your Directors pay their respectful homage and tribute to this extraordinary human being, a great leader, an iconic industrialist and a leading statesman.

Shri S.K. Pathak, a Member of the Board passed away on 4th January 2013. Shri Pathak joined the Board of the Company on 24th April 2004, and had a very rich business experience. The Board places on record its sincere appreciation of the valuable services and guidance rendered by him to the Company during his tenure.

Shri Bharat Hari Singhania and Shri Shailendra Swarup were appointed as Additional Directors of the Company pursuant to Section 260 of the Companies Act, 1956 with effect from 21st May 2013. In terms of Section 260 of the said Act, they will hold office as Directors upto the date of the ensuing Annual General Meeting. The Company has received notices in writing from members proposing candidature of Shri Bharat Hari Singhania and Shri Shailendra Swarup for being appointed as Directors, liable to retire by rotation and the Board recommends their appointment.

The Board of Directors at its meeting held on 21st May 2013 appointed Shri Bharat Hari Singhania as Chairman and Shri Harsh Pati Singhania as Vice-Chairman of the Board of Directors of the Company. They shall now be Chairman and Vice-Chairman & Managing Director respectively, of the Company.

Shri R.V. Kanoria, Shri Arun Bharat Ram and Shri Dharendra Kumar retire by rotation and being eligible offer themselves for re-appointment at the Annual General Meeting.

PERFORMANCE REVIEW

The Company's Sales during the year was Rs. 1,721.38 Crore, Operating Profit (PBITD) Rs. 144.41 Crore and PAT amounted to Rs. 37.70 Crore. In volume terms, Production of 2,92,582 tonnes and Sales at 2,90,420 tonnes were the highest ever recorded. Overall capacity utilization increased to 101% and savings were achieved in power and fuel consumption. Continuous review of outstandings and inventory helped in optimizing the working capital cycle and fund utilization. Despite these favourable factors, profit was adversely affected due to unprecedented increase in raw material prices without commensurate increase in selling prices.

During the year, global hardwood pulp prices were stable but weakening of rupee adversely impacted the landed cost of pulp for the Company. With increase in global supplies, pulp prices are likely to remain stable in the near future.

JK Paper has always believed in offering differentiated products to its target markets. The high quality "ColorLok" papers have occupied a distinct position in the minds of consumers. Similarly JK's Brands are recognised by their customers in Virgin Fibre Board and Coated Paper segment for their superior quality and high standards of service. The Company's strong brand equity is evident from the fact that it is a market leader in Office papers and ranks among the top 2 players in Coated Paper and Virgin Fibre Board market. Over the years, the Company has established a strong distribution network that provides a distinct competitive advantage in the geographically dispersed Indian market.

Increased demand for wood from consuming industries coupled with shortage of supply due to tree disease and uprooting of plantations in earlier years led to unprecedented increase in raw material prices. The Company intensified its efforts in promoting farm forestry to maximize availability of wood in its catchment areas. During the year, the Company covered 11,300 hectares with plantation taking the cumulative acreage under this programme to 1,01,500 hectares. The Company has drawn up ambitious plans for next 3/4 years keeping in view increased raw material requirements from the expansion Project. It is also exploring opportunities in South East Asia to secure raw material supplies for its operations in India.

INDUSTRY SCENARIO

The industry witnessed a significant decline in profitability on account of raw material price rise and its inability to pass on the input cost increases fully. Growth was impacted by slowdown in economic activity and lower spends. Despite this, India continues to be one of the fastest growing paper markets in the world. The lower per capita consumption compared to the world average indicates the future potential for growth. Greater thrust on literacy and education, changing lifestyle, growth in organised retail and higher disposable income in rural areas will fuel paper and board consumption in the country.

Office Papers: While there was some impact of slowdown on the Office Papers market due to its linkage with corporate and economic activity, the new production capacities that came on stream during the previous year have now been absorbed. The scenario improved towards the end of the year and the company could pass on input cost increases partially through price revisions. The situation should ease further as the economic activity picks up.

The Company's brands "JK Copier", "JK Easy Copier", "JK Copier Plus", "Sparkle" and "Cedar" continue to enjoy a strong market position. The company also enjoys a strong brand equity in niche segments through products like "JK Excel Bond", "JK Ledger" and "MICR Cheque Papers".

Coated Papers: Growth in Coated Paper segment was muted due to decreased marketing spends by businesses. Coated Paper prices continued to be under stress due to increased imports from Asian countries. Weaker Rupee provided some relief as landed prices of these imports rose. "JK Cote" and "JK Supercote" continue to attract a wide variety of customers due their superior quality and recorded higher sales volume during the year.

Packaging Board: The Packaging Board segment maintained its growth momentum during the year due to increasing demand for value added packaging. The demand is being driven by growth in organized retail and continuous shift from low quality Packaging Boards to superior varieties. The company's brands "JK Tuffcote" and "JK Ultima" are well established in this highly demanding segment. Despite augmentation of capacity in 2010-11, the capacity utilization stood at 108% due to growing demand for the Company's products.

EXPANSION & NEW VENTURES

In order to address the opportunity in the Office Papers and enhance the Company's leadership position in this segment, an ambitious expansion Project is nearing completion at Unit JKPM with an outlay of Rs. 1653 Crore. This would enhance the Company's annual capacity from the current 2,90,000 tonnes to 4,55,000 tonnes per annum. This consists of a 2,15,000 tpa pulp mill, 1,65,000 tpa paper machine, 55 MW Power plant and requisite utilities.

The machines used for the expansion have been sourced from leading global and domestic suppliers and incorporate state of the art technology. With this, the Company will be able to minimize environmental impact by conserving water and energy besides reducing emissions. It will also render scale economies and lead to more efficient use of fibre. All this will result in improvement of margins for the Company. Quality of paper produced will be of international standards and will cater to evolving customer needs. Production is expected by 2nd quarter of the current financial year.

Your Company has identified High-end Corrugated Packaging as a market with high growth potential and has decided to venture into this segment. JK Paper has entered into a Joint Venture agreement with Oji Holdings Corporation and Marubeni Corporation of Japan for setting up a modern manufacturing facility for Corrugated Packaging. The Capital outlay is estimated at Rs. 150 Crore. The plant will manufacture high quality packaging products required by Consumer Durables, Electronics, Auto Components, FMCG and Food Processing Industries.

CUSTOMER SATISFACTION AND QUALITY

JK Paper has been constantly endeavouring to upgrade product quality so that its offerings meet customers' expectations. It has also been developing new tailor made products to meet consumer's specific end-use requirements.

In line with the Company's regular practice, customers were invited at regular intervals to mills, personnel from our manufacturing units also visited the customers at their respective facilities to interact on various quality related parameters. The feedback received from customers was used for understanding their changing needs and undertake product upgradation initiatives. This

also helped to create a greater feeling of bonding between the consumers, production and marketing team.

Based on customer insights the Company undertook development of new products like 'Finesse' - a substantially improved version of printing grade paper, higher GSM CIS paper for digital printing segment, Blade Wrapper for specific end uses etc.

CORPORATE SOCIAL RESPONSIBILITY

'If we want to have a successful business, then we must have a successful society around us', is the abiding motto that drives JK Paper Ltd's Corporate Social Responsibility initiatives. The targeted interventions are in sectors like Community Asset Building, Livelihood Promotion, Health Care, Awareness & Capacity Building, Promotion of Education Services, Infrastructure Development, Adult Literacy, Skill Development, Women & Child Development and Promotion of Sports.

The Company has been imparting education through its schools at both the manufacturing units at Odisha and Gujarat with a combined strength of over 3,200 students. Of this about 55% of the children come from under-privileged sections of society. The successful Adult Literacy Programme (ALP) that focuses on tribal women has now covered over 7,300 people since its inception with over 2,000 benefitting in 2012 alone.

Under Government's PPP model, the Company adopted ITI, Ukai near its Unit CPM in Gujarat in the year 2008. After being declared as 'Centre of Excellence' last year, this year its student intake rose to 391. It has helped ITI pass outs to improve their understanding of trades and become better skilled to get employment in the industry.

Company continues to provide basic health services through Mobile Dispensary, Health Camps and Awareness programmes, Community Health Interventions like Maternal & Child Health care. During the year about 7800 people have benefitted from the health camps at both the mills. A detailed report on the Company's CSR activities is given separately in the Annual Report.

ENVIRONMENT

JK Paper Limited continues to focus on adoption of best environmental practices in order to perform better than the stipulated standards. The ISO 14001:2004 &

OHSAS 18001:2007 systems help us in our commitment towards safety and environment.

Conscious efforts are made to develop and implement schemes for energy and water conservation, minimizing emissions and waste. Through a continuous process of Reduce, Recycle and Reuse, the manufacturing units have been continuously optimizing their water consumption. Thrust is given on activities for reduction of solid waste generation, finding ways for effective reutilisation of the solid waste, reduction of effluent colour, sustainable forestry practices, effective use of by-products as alternative fuel .etc

A 5.4 MW TG at Unit JKPM has been dedicated to energy generation through bio-fuels. This is first such power project in Odisha State and has been registered at NLDC for REC. Green power generated from this TG is 20% of the factory's total consumption saving fossil fuel.

The new production line at Unit JKPM will improve our compliance with environmental standards and there will be major savings in water, fuel and raw materials.

AWARDS AND RECOGNITION

It is a matter of great pride that the Company's endeavour and commitment to achieve higher level of operational performance and environmental excellence has been recognized at various forums. Both Units of the Company received the CII National HR Excellence Award 2012 for strong commitment to HR Excellence. The Company also received Talent Management Award at Asia's Best Employer Brand 2012 hosted by Employer Branding Institute, World HRD Congress and Stars of Industry Group

Unit - JKPM has been awarded the following;

- Greentech award for outstanding achievement in Safety Management
- National safety award for outstanding performance in Industrial Safety during performance year 2010 from ministry of Labour & Employment, Government of India
- Gold award in paper sector by Greentech Foundation for Environment Management.
- Silver award in paper sector for CSR by Greentech Foundation
- Business World FICCI CSR Award 2011-2012

Unit - CPM has been awarded the following;

- Greentech Environment Gold Award 2012 in paper sector for outstanding achievement
- Winner of Golden Peacock environment management Award 2012
- Best sustainability performance award by World CSR congress
- IPMA Award 2011-12 for Energy conservation
- Golden Jubilee Trust award by South Gujarat Chamber of Commerce of & Industry (SGCCI) for "Excellence in Improving Productivity"

AUDITORS

M/s. S S Kothari Mehta & Co, Chartered Accountants, the Statutory Auditors of the Company are eligible for re-appointment at the ensuing Annual General Meeting. The observations of the Auditors in their Report on Accounts read with the relevant notes are self-explanatory.

The Auditors have confirmed that they have undergone the peer review process of the Institute of Chartered Accountants of India and hold a valid certificate issued by the 'Peer Review Board' of ICAI.

COST AUDIT

The Cost Audit Report for the financial year ended 31st March, 2012 was filed by the Cost Auditor with the Ministry of Corporate Affairs, Government of India, on 01-01-2013.

The Cost audit for the year ended 31st March 2013 will be conducted by M/s. R.J. Goel & Co., Cost Accountants and the reports will be submitted to the Ministry of Corporate Affairs, Government of India.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the

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

CORPORATE GOVERNANCE

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

SUBSIDIARY COMPANIES

The accounts of the wholly-owned subsidiaries i.e. Jaykaypur Infrastructure & Housing Limited (JIHL) and Songadh Infrastructure & Housing Limited (SIHL), have been consolidated as required by applicable Accounting Standards. With reference to the General Circular No. 2/2011 dated 8th Feb. 2011, issued by the Ministry of Corporate Affairs, Government of India, copies of the Balance Sheet, Statement of Profit & Loss, Reports of the Board and the Auditors of the aforesaid Subsidiary Companies have not been attached to the Balance Sheet of the Company. However, annual accounts of the Subsidiary Companies and the related detailed information of the Holding and Subsidiary Companies, shall be made available to the shareholders seeking such information at any point of time. The annual accounts of the Subsidiary Companies are also available for inspection by any shareholder at the Registered and Head Offices of the Company and that of the Subsidiary Companies concerned.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed

along with proper explanation relating to material departures;

- ii. the accounting policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit & Loss of the Company for that period;
- iii. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis.

INDUSTRIAL RELATIONS

Industrial Relations remained cordial throughout the year under review. Several initiatives implemented by the Company have significantly helped in improving the work culture, enhancing productivity and enriching the quality of life of the workforce. Our openness and transparency in dealing with people issues and several IR initiatives implemented by the Company have been gaining all round faith of different stake-holders.

ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

BHARAT HARI SINGHANIA
Chairman

New Delhi
Date : 21st May, 2013

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

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

A) Energy Conservation:

- 1) Debottlenecking / Modification of PM-II steam condensate system
- 2) Increase Steam generation by increasing Feed Water Temperature
- 3) Recovery of Flash steam vented out from LP flash tank
- 4) Replacement of Fan pump slip ring motor with energy efficient induction motor
- 5) Reduction in frequency of TG to reduce power consumption
- 6) Installation of Energy efficient agitator in Talcum / WGCC service tank
- 7) Modification in pipe line to stop using idle Heater mixer
- 8) Use of refining aid for reducing energy consumption
- 9) Steam saving by optimizing the LP & MP Extractions in TG sets
- 10) Replacement of Broke Tower motor by lower rating motor
- 11) Installation of Soft Starter for Vacuum pump motor of bottom Layer wire
- 12) Installation of VFD in MG pre-dryer exhaust Fan motor

B) Research & Development:

During the year, the Company has spent Rs. 342.50 Lacs on Research & Development. To further enhance product quality and for the development of new products, the Company carried extensive application research by undertaking various trials on the shop floor as follows:

- 1) Optimisation of operating parameters of Chips Cooking for 2 stage Cooking
- 2) Optimisation of operating parameters for use of new surface sizing chemicals to improve the printability of MICR
- 3) Introduction of Super Finesse printing paper in 70 - 130 gsm range
- 4) Introduction of Sparkle copier 70, 80 gsm with improved quality and ColorLok technology
- 5) Introduction of Finesse premium printing paper

as high end Maplitho paper in various gsm like 60/70/80 gsm.

C) Technology Absorption, Adaptation and Innovation:

- 1) Use of retention aid in AKD sized papers to reduce filler loss
- 2) Use of native starch in place of modified starch to reduce cost
- 3) Use of low concentration dye in stock preparation to avoid colored spots
- 4) Modification of wet end system to minimize empty out of system and avoid colored spots
- 5) Use of oxidized Biocide to get rid of slime and related deposits & machine breaks
- 6) Adoption of PCC as filler
- 7) Technology up gradation of fiber save all system in paper machine - 1 & 3 by installing Poly Disc filters
- 8) Retrofitting of CFB-I done to improve it's reliability and life
- 9) Vacuum box (2 zone) of Combi-Suction Roll in PM-I replaced by 3 zone Vacuum box to improve Press part operation
- 10) Spring loaded dancing roll in PM-I replaced by Bellow loaded dancing roll
- 11) New Filter station with Eco-R filters for Coating solution installed for better coating of Board
- 12) An additional Chiller of 115 TR Capacity in Board Plant to maintain uniform coating slurry rheology at a temperature of about 35 degree C
- 13) Hot air Blower system installed in pre-dryer group of Board Machine to maintain humidity.

D) Foreign Exchange Earnings and Outgo:

Rs. in Cr. (10 Million)

(a)	Foreign Exchange earned	75.05
(b)	Foreign Exchange outgo:	
	- CIF Value of Imports	921.76
	- Others	7.66

PARTICULARS OF CONSERVATION OF ENERGY

Sl.No.	Particulars	Unit	2012-13	2011-12
A	POWER AND FUEL CONSUMPTION			
I	Electricity			
a)	Purchased Power			
-	Units	KwH in Lac	487.73	370.57
-	Total Amount	Rs.Lac	2,939.93	2,259.41
-	Rate / Units	Rs/KwH	6.03	6.10
b)	Own Generation			
i)	Through Steam Turbine / Generators			
-	Units	KwH in Lac	2,794.61	2,866.91
-	Cost / Units	Rs/KwH	3.33	3.35
ii)	Through Diesel Generator			
-	Units	KwH in Lac	18.80	3.78
-	Units per Litre of Diesel Oil	KwH	5.80	3.70
-	Cost / Units	Rs/KwH	14.80	24.61
2	Coal			
-	Quality (Grade)		"D" to "F"	"D" to "F"
-	Where Used		CF Boiler	CF Boiler
-	Quantity *	MT	464,974	473,497
-	Total Amount	Rs.Lac	13,276.92	14,110.87
-	Average Rate / MT	Rs./T	2,855	2,980
3	Furnace Oil			
-	Quantity	Kilo Ltr	333.00	338.00
-	Total Amount	Rs.Lac	132.49	122.02
-	Average Rate / Ltr.	Rs./Ltr	39.79	36.10

* includes Lignite.

B. CONSUMPTION PER UNIT OF PRODUCTION

Product	Year	Electricity Kwh/MT	Coal Kg/MT	Furnace Oil Ltrs./MT
Paper & Board	- 2012-13	1,120	1,615	1.80
	- 2011-12	1,153	1,705	1.88

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The global economy recovered to some extent in 2009, as a result of fiscal and monetary stimulus taken to avert the crisis. However, the pace of recovery could not be sustained due to the many challenges being faced by developed economies and growth slowed down in the 1st quarter of 2012. Preliminary projections for global economic growth as a whole suggest a slowing down in 2012 vis-à-vis 2011.

Emerging economies performed better than developed economies but were nevertheless adversely affected by developments in developed economies. It is, however, encouraging that some signs of positive movements in China and Japan have been witnessed but it remains to be seen whether these signs will continue in a sustained manner.

Emerging economies, especially Asia and Latin America have been major growth drivers of global paper and board consumption in recent years. North America and Europe together, however, account for over 40% of total global market for paper and Packaging Board. These have contracted in last 2 years (2011 and 2012) and thus annual global Paper and Packaging Board consumption has, therefore, hovered around 400 million tonnes and growth has been marginal.

Impact of Global Developments on Indian Paper and Board Industry

Domestically, economic growth in India remains sluggish and advanced estimates for GDP growth has been placed at over 5% for 2012-13 vis-à-vis 6.2% in 2011-12. The slowdown in overall economic growth cast its shadow on the Indian Paper and Board industry with growth moderating in the last couple of years. While this demand slowdown is a matter of concern, there are indications that this will be a temporary phenomenon and the industry will begin to see growth getting back to 7-8% trajectory over the next few quarters.

The pricing power of Indian Paper and Board Industry has been impacted by increasing imports from ASEAN countries as a result of falling tariffs and rampant dumping from China. With foreign players seriously eyeing the India's growing market, the industry is likely to see domestic competition becoming more intense and reduced overall pricing power. In addition, it is also likely that the industry will see the consolidation in the currently fragmented industry in the coming years and this will have significant impact on the structure of the industry.

Supply & demand scenario in Indian Paper & Board Industry

The bunching of capacity expansions in recent years has led to demand-supply mismatch. Moreover, the demand growth would continue to remain somewhat challenging during 2013-14. The industry has also been witnessing rising imports especially in Coated Paper and this has added to the pressure on prices.

As the demand picks up in the coming years, thanks to revival in overall growth momentum in the economy, there will be some easing of the mismatch between demand and supply, though it may be gradual. It is important, however, to note that despite the short-term challenges, the industry is poised to reach the annual 20 million tonnes mark by 2020 as many of the growth drivers remain intact and are expected to gather momentum in the coming years.

MARKET FOR COMPANY'S PRODUCTS

The Company is the market leader in Office Papers and among the top 2 players in Coated Paper and high end Packaging Board segments. The Company has also been adopting the approach of constantly moving up the value chain and this has yielded good dividends so far.

Copier and Office Paper

The Copier and Office Paper segment has been growing slowly in recent years due to the overall growth

slowdown but is expected to pick-up in the coming years. Also, within the Copier market, the Company has been focussing on high quality products. The fast expanding digital printing market will help to accelerate the growth in this segment and the Company will benefit from this.

In developed countries, increasing use of electronic media like internet, mobile telephony has provided tough competition and have made inroads into markets traditionally held by Paper industry. In developing countries like India, however, per capita consumption is low and increasing application of technology is likely to help increase demand for paper instead of decreasing it.

For quite some time the Company has been running its Office Papers machines without adding any additional capacity. It was able to achieve high capacity utilisation levels with high operational efficiencies and the right set of parameters but demand was growing much faster than the supply. Evaluating the long-term potential for Office Papers, the Company embarked on an expansion programme at its Unit JKPM, Orissa. Saleable products will be available from the project in second quarter of 2013-14.

Coated Paper

Imports in Coated Paper segment from China continued due to anti-dumping duties levied by US and Europe on Chinese Coated Paper. This was further supported by limited domestic capacity in this segment. While the demand growth was modest, the dumping led to price pressure on domestic players. The growth was affected by various austerity measures and reduced marketing spend by business houses. With the economy showing signs of improvement, the Coated Paper market is expected to return to its double digit growth.

Packaging Board

The Packaging Board segment has been a fast growing segment in recent years. Rising consumerism, aspirations and rapidly changing lifestyles and preference for environmental friendly packaging materials are fuelling demand for products in this segment.

In addition, there has been a steady and increasing tendency to switch from low quality Duplex Boards to high quality Virgin Fibre Boards so as to improve visual appeal and functional properties of paper based packaged products. Premium quality Packaging Boards thus have enormous growth opportunity and the Company will benefit given its range of brand offerings and high quality standards of the products in this segment.

Corrugated Board

As per our estimates the Corrugated Packaging market in India has been growing steadily at 10% due to strong growth in the end use segments, substitution of plastic and wood cases with corrugated containers and growth in exports. On the contrary, domestic production has been mostly fragmented and dominated by unorganized segment operating manual or semiautomatic plants that lack scale and consistency in product quality. The Company is entering into this segment by being a Joint Venture partner with Japanese companies for setting up a plant at Neemrana, Rajasthan.

Outsourcing

The Company has been adopting outsourcing as an option both to overcome capacity constraints as also to meet the needs of its customers for products that are not manufactured in-house. Recent years has seen increased focus and efforts in this direction and has established the Company as a preferred partner by a variety of domestic customers - big or small.

Stationery Products

This segment has good growth potential because of the growing educational needs at the primary, secondary and college levels. The Company has been able to make its mark in this segment in a short period and has expanded all over the country. "JK Excel" and "Notepal" are the brands that the company markets in this segment.

Branding

The Company has pioneered the transition of paper which was widely regarded as a commodity to a

Branded product. The company has been continuously upgrading on the value chain to offer differentiated products to its end consumers. This along with its relentless pursuit of quality has resulted in building strong brand equity and recall in the minds of its end users. The company markets Brands like "JK Copier", " JK Easy Copier", "JK Copier Plus", "Cedar" and "Sparkle" to address the specific Copier Paper requirements of different customer segments. Similarly "JK Cote", the company's Coated Paper and " JK Ultima" and "JK Tuffcote" , the company's virgin fibre boards enjoy a distinct position in their respective market segments.

Road shows, print advertisements and outdoor media campaigns are judiciously used to increase awareness and visibility of the company's brands and communicate its positioning to the target market. In the last couple of years the company has focussed its efforts on building awareness of "ColorLok" paper and high quality digital papers to develop a market for the production from the company's new facility.

EXPANSION

To tap the demand supply gap in Copier market and consolidate its position further, the Company is expanding its capacity at Unit JKPM. The Rs. 1653 Crore project entails setting up a 2,15,000 TPA pulp mill and 1,65,000 TPA paper machine along with 55 MW power block and other supporting infrastructure. The expansion project uses state of the art technology from leading suppliers across the world and is the largest project in recent times in Indian Paper Industry.

The project will produce high quality digital paper suitable for advanced printing requirements with lower cost of operation by reduced consumption of raw material, water and energy. The project is now in its final stage and test runs are expected to commence soon. Photocopier and Office Paper from the new facility will be available for sale by second quarter of FY 2013-14. The company in the mean time has been strengthening its distribution network across the

country by appointment of new distributors to reach out to customers across the country.

The Company has signed a MOU with Government of Myanmar to operate a 70,000 tpa pulp mill on PPP basis. The Myanmar economy is opening up and is likely to be a future growth engine for Asia. Moreover favourable climatic conditions, raw material and water availability may favour rapid growth of pulp and paper industry in that country. Discussions to forge the venture are at an advanced stage.

OPPORTUNITIES & STRENGTHS OF THE COMPANY

Like in many other industries, global Paper and Packaging Board Industry is witnessing a shift in production and consumption: emerging economies, particularly Asia and Latin America are driving the growth while North America and Europe have shown marginal growth/decline.

Indian Paper and Board industry, in particular, is now among the top 15 players globally. It has good growth potential given the low current per capita consumption. Recent years have seen an upsurge in the documentation needs both by the corporate sector and individual households. This together with rising use of high speed printing and copying machines along with excellent colour reproduction have led to sharp increase in the demand for high quality Office Papers or in general Writing and Printing Papers.

Packaging Board segment has seen accelerated growth thanks to a host of factors such as organised retail, increasing urbanisation and changing consumer patterns as also demand from sectors like FMCG, Pharmaceuticals, Food and others. Demand for high end Packaging Boards in particular has been rising rapidly and the Company will be benefitted by these trends and developments.

The Company's obsession for high quality standards for its various products and sales service has enabled it to establish itself as a major player in the Indian market. A strong and loyal network of distributors and our

constant engagement with them has been a key factor for the Company's success.

Another major strength of the Company has been its focus on modern technology and its quest for achieving scale economies through regular capacity expansions. This has helped in making optimum use of resources like water, energy and thus minimise the environmental impact.

MAJOR CONCERNS

As the competition intensifies and consolidation takes stronger hold, the real challenge is to be among the lowest cost producers while at the same time producing and marketing good quality paper in the country. This is all the more so given that consumers will become even more discerning and competitive pricing will become crucial to increase the Company's market share. Though the Company has geared itself to face these challenges, external constraints cannot be overlooked.

Adequate availability of raw material i.e. wood is a major concern for the paper industry and the Company. With the rising demand, the price of wood has increased sharply adding to the cost pressure and has affected profitability. Along with accelerated efforts in social and farm forestry activities, the Company has also been looking for alternative sources including getting access in other countries (like Myanmar and Vietnam). While some success has been achieved in this direction, the Company will explore more options to acquire assets abroad in its quest for raw material security.

Adopting modern technology requires high calibre, skilled and talented work-force that can absorb and master these technologies. As Paper and Packaging Board industry expands, demand for well trained and skilled work force will increase significantly while there is lack of adequate institutional infrastructure.

Demand-supply mismatch of skilled work-force has already come to the fore and this will intensify in future. The Company has been focussing on the need for in-

house and external training and has been taking a number of pro-active initiatives and efforts so that it does not face a serious constraint on this account.

RAW MATERIAL AND OTHER PURCHASES

The paper industry depends on wood as a primary source of raw material. The impact of wood deficit in India was most visible on the industry for past one year which witnessed unprecedented rise in wood prices. The situation is likely to persist for some more time till supply from plantation efforts of last 3 years start yielding results.

Despite the best efforts of the paper industry to grow wood in collaboration with farmers, pulp wood shortages and the consequent sharp price increases were inevitable. The wood generated by Paper Industry is utilized by Ply wood and MDF Board industry, construction industry as poles, brick kilns and bio-energy plants as fuel. Ironically, these industries have not developed and implemented any support programs to increase wood production as initiated by Paper Industry in India.

Over the past two and half decades the Indian Paper Industry has taken many initiatives for growing wood by involving farming community across the country through agro-forestry. Paper industry in India is now the largest, successful tree planter of the country contributing to huge amount of green cover as well wood generation.

The Company started working on farm forestry with farmers on their rain-fed degraded farm lands in early nineties. A strong team of qualified forestry staff helps, guides, motivates the growers and provides service support at their doorstep for development of well-managed tree farms. The pulpwood plantation area covered, to-date, under the farm forestry/ agro-forestry schemes of the Company is over 101500 Ha in the states of Odisha, Andhra Pradesh, Gujarat and Maharashtra. The additional farm forestry area covered during 2012-13 was over 11,300 Ha., utilizing over 58.3 million

seedlings/plants (including more than 8.4 million high yielding clones of Eucalyptus) and around 3.6 MT of quality seed of Subabul, involving approximately 6680 farmers. Despite strong competition for land use by agriculture crops, the new farm forestry development in the catchment of our mills was 33% higher as compared to 2011-12.

The Company also facilitates financial assistance for small and marginal farmers through bank loans to encourage them to take up plantations in their rain fed fallow lands while providing buy back assurance for the wood produced at a declared support price or market price, whichever is higher.

During the year the company was successfully able to get the Farm Forestry CDM project approved and channelize the carbon revenue to the eligible participating farmers.

Apart from wood the company consumes various other inputs to produce its finished products. During the year 2012-13 prices of most inputs remained stable due to general slowdown prevailing in the market.

During the start of the year, international pulp prices were ruling strong but thereafter throughout most of the year the pulp prices kept diminishing partly due to fall in Chinese demand and partly due to addition of fresh capacities of Eucalyptus pulp. However, towards the end of the year, pulp prices showed signs of steep rise but the bullishness in the market may be short-lived. Overall, it is expected that more capacities will come on stream in chemical pulp during 2013-14 and thereafter the prices should see a decline in near future.

Logistics cost in the country is a major cause of concern due to continuing rise in diesel prices and also frequent fluctuations witnessed in transport market. International shipping rates, however, remained depressed for most part of year and are not likely to be any different in near future.

The availability of coal against the Fuel Supply Agreement improved during the year as a result of higher output by Coal India Ltd. The imported coal prices from Indonesia came down drastically and were on the lowest level during the later part of the year. However, higher USD/INR rate limited the consequent benefit.

FINANCIAL HIGHLIGHTS

Rs. in Crore (10 Million)

	2012-13	2011-12
Gross Sales	1,721.38	1,557.10
Net Sales	1,453.19	1,328.26
Profit before Finance Cost and Depreciation (PBIDT)	144.41	176.31
Profit before Depreciation and Tax (PBDT)	110.25	125.06
Profit before Tax (PBT)	37.34	52.12
Profit after Tax (PAT)	37.70	49.32

The company achieved a production of 2,92,582 tonnes and sales of 2,90,420 tonnes during the year. Operating Profit (PBIDT) during the year decreased by 18% due to unprecedented rise in raw material prices. The increased costs couldn't be passed on due to general slowdown in

the economy and low demand growth resulting in lower profits for the company. The company however made conscious efforts to improve operational efficiencies and optimise costs to offset this impact. Consequently the Net Profit After Tax (PAT) was Rs. 37.70 Crore.

Inflation continued to prevail at high level during major part of the year compelling the Reserve Bank of India (RBI) to keep the rate steady despite softening of rate in other parts of the world. This resulted in higher interest costs for Indian companies. However, the Company has not been significantly affected by the higher interest rates mainly due to better negotiation of spread on loan taken from national and international market. The inflation trend in recent months has been favourable which makes chances of rate cuts brighter. This could be beneficial as it would reduce the funding costs for the company in the current year.

The company as a policy does not take any positions based on speculation in foreign exchange market and covers are initiated only for corresponding trade exposures. Hedging of currency exposures is resorted only to manage the overall risk and exposures through a mix of Swaps, Forwards and Options.

The company had embarked on a expansion of about Rs. 1653 Crore at Unit JKPM funded by a mix of Rights issue, FCCB's, Foreign currency loans and Domestic loans from banks and internal accruals. The project is most likely to be completed within the budgeted cost estimates. With commissioning targeted during the current financial year the cash flows from this project would provide a boost to revenues and profits of the company.

The Company has enhanced the working capital limit with the existing working capital member banks to meet its increased working capital requirement after commissioning of new project. Working capital utilisation was monitored on regular basis so as to reduce the overall working capital needs of the business. Average working capital interest cost was also optimised through use of various funding avenues viz. Buyers credit, Bill discounting, WC DL and dealer financing scheme.

ENVIRONMENT AND NEIGHBOURHOOD

The company has always prioritised interests of environment and associated communities during the pursuit of its business goals. The manufacturing practices

at its plants adhere to strict guidelines of environmental compliance even beyond stipulated regulatory standards. The manufacturing plants strive to adopt latest and innovative practices to optimise consumption of natural resources and thus minimise the environmental impact. The safety policy is rigorously followed to ensure safe and hygienic conditions for the employees and neighbouring communities. The company also contributes to the well being of neighbouring communities by providing them opportunities for education, healthcare and livelihood.

HUMAN RESOURCE DEVELOPMENT

As we are approaching the commissioning of expansion project at Unit JKPM, the mood within the Company is upbeat. The team to run the new plant has been put in place as per plan. While bulk of the induction took place from outside through a rigorous process of selection, some promising youngsters from the existing plant have also been made a part of the team after systematic assessments. The talents thus recruited for the new plant have been put through extensive training to hone their skills and knowledge to operate and maintain the state of the art facility.

With the objective of having a holistic view of the manpower plan of Unit JKPM, National Productivity Council of Hyderabad was assigned the task of studying the manpower for existing plant. This coupled with the manpower plan frozen for expansion project would give rise to an integrated manpower requirement of the Unit.

In recognition of its efforts, the Company won Asia's 3rd Best Employer Award in "Talent Management" category.

Extensive training and development is also underway across the company at all levels to address the skill gaps as also to upgrade knowledge and skills. Regular Communication Meetings by senior executives are done at the Units as well as Head Office to promote transparency and sharing of ideas. Employees are encouraged to participate in Suggestion Scheme which

is in place at all locations. Employee engagement activities aimed towards to develop a friendly atmosphere in the organization and improve the work life balance are being conducted regularly. Celebration of festivals, family picnics, competitions, etc. is continuing with enthusiastic participation from all levels. Reward and recognition policy is in place for appreciating exemplary efforts of employees and motivate them for superior performance.

INTERNAL CONTROL SYSTEM

The Internal Audit Department of the Company reviews the internal control system on a regular basis to improve its effectiveness besides verifying statutory compliances. The internal corporate audit team has experienced Chartered Accountants and system experts on its rolls. The Audit Committee of Board approves an annual Internal Audit programme to be followed by the team. Internal audits are conducted as per the programme covering all offices, factories and key areas of businesses. The findings are placed before Audit Committee to review and discuss the actions taken with management. The effectiveness of Company's internal controls and implementation of audit recommendations are also regularly monitored by the Audit Committee.

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

RISK MANAGEMENT

Analysis of risks is done by a systematic process after discussions with respective stakeholders in the company and study of past records. The identified risks are addressed by an appropriate risk mitigation plan.

External experts are also consulted to provide external perspective to the identified risks.

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

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

Training is also imparted to executives to develop them for effective analysis of risks and devising appropriate mitigating strategies.

CAUTIONARY STATEMENT

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

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

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. COMPANY'S CSR PHILOSOPHY AND BELIEF

The CSR policy is based in its long held philosophy that the Company's business can flourish only if it plays its due role in developing a vibrant and prosperous society around its factories. The CSR policy has been influenced by the vision and guidance of our late Chairman Shri Hari Shankar Singhania.

JK Paper believes that corporate sector has a role to supplement Government's efforts in improving the overall living standards and quality of life for the citizens. CSR efforts, through empowering the local community, can help Government's aim of achieving an inclusive and sustainable society. The Company spent around Rs 91.20 lakh in 2012-13 or about 2.44 % of PBT on CSR activities. The Company has been constantly engaging itself with civil society organisation and the society at large through regular dissemination of information about its CSR efforts.

2. EMPLOYEE WELFARE

JK Paper takes pride in being an equal opportunity employer. In the Company, individuals are assessed based on their merits, skills and capability irrespective of their gender, caste or nationality. The Company's HR and salary policies are aimed at the well being of all its employees and at all levels. It does not provide any undue advantage to an individual or a Group. Safety and hygiene of employees at workplace whether it is at the factories or at its corporate offices is given top most priority and importance. The Company is strictly against soliciting or employing child labour at any of its establishments.

3. RESPECT FOR ENVIRONMENT

Caring for environment has been a part and parcel of the Company's business operations since its inception. A host of initiatives and activities have been taken up for this purpose. These include amongst others, efforts aimed at reducing pollution discharge and air emissions, adopting clean technologies and processes, efforts at maximum recycling, recovery and reuse. The Company's approach has been to adopt modern technology, capacity expansion to achieve economies of scale and encouraging innovations rather than through end-of-pipe solutions.

These efforts have led to resource conservation, particularly water and energy in a significant manner. Over the years, the Company has been able to bring down its specific consumption and today JK Paper is among the top Companies in terms of optimum use of resources. The Company has also been able to use "treated" water in the process inflows or for socially relevant uses such as for irrigation. Waste materials like fly ash have also been utilised in making products for use by society at large.

The Company has also been enriching the Green Cover through social farm forestry activities. Since the early 90s, JK Paper has planted over 1 lakh hectares covering States of Odisha, Andhra Pradesh, Chattisgarh, Gujarat, Maharashtra and West Bengal.

Nearly 70% of this has been planted in the last decade as a result of up-scaling of our efforts in this area. The Company has also been able to distribute the first instalment of Bio Carbon Fund of the World Bank to over 1400 small and marginal farmers.

4. CSR ACTIVITIES FOR SOCIAL & INCLUSIVE DEVELOPMENT

The CSR initiatives have been focussed on five key areas such as Education, Health Care, Skill Development, Livelihood Interventions, and Environment.

4.1 School Education: The three schools run in our manufacturing units at Odisha and Gujarat provides education to over 3,200 students. Of this roughly 55% of the children come from under-privileged sections of society that is Scheduled Castes and Scheduled Tribes. Apart from running Schools, the Company also takes up activities like donation of uniform and study material, especially for students in the tribal dominated area.

4.2 Adult Education: As a result of sustained and dedicated efforts at the two Mills, the Company has been able to substantially upscale its Adult Literacy Programme (ALP), with special focus on tribal women.

This programme has brought about significant changes in their lives by providing them a sense of confidence as well as making them aware of current developments as they can now read

newspapers and magazines, an access that was denied to them because of lack of basic education. Since its inception in 2004, the Adult Literacy Programme has covered 7,300 people, with over 2,000 benefitting in 2012 alone.

4.3 Skill Development: Apart from supporting education through building and running schools, we also promote skill development. It was in this direction that the Unit CPM in Gujarat adopted ITI Ukai and began work in the year 2008.

Besides increasing the student intake from 243 in 2008 to 391 today, this effort has helped the students to improve their understanding of trades and get employment readily in the industry.

The efforts towards skill development at Ukai are supplemented by training provided at Unit JKPM in Rayagada, Odisha. This has helped local tribal boys and girls to develop skills in vocations that are in demand in the nearby areas.

4.4 Healthcare: The Company has been providing for a long period, basic health services including free medicines to ST and SC people in the nearby villages through camps and Mobile Dispensary programmes. As a result of intensification of our efforts, the Company has been able to reach out to a large number of people by holding more Camps and mobile dispensaries. Around 7800 people were benefitted in 2012-13 by the 81 Camps held by Unit JKPM in and around Rayagada as also through mobile dispensaries organized by Unit CPM around Songadh.

4.5 Community Health Interventions: Apart from organizing health camps and mobile dispensaries the Company has been taking up many initiatives towards Maternal & Child Health. The Company together with SPARSH has been able to facilitate institutional (safe) deliveries under the Government's Janani Suraksha Yojana and MAMATA programmes.

Adolescent Reproductive Sexual Education programme is an important part of the Company's CSR efforts. For this, the Balika Mandals (Tribal Adolescent Girls Groups) have been

formed by Unit JKPM. These groups help to increase awareness about many issues regarding Adolescent health through providing comprehensive training to the tribal girls. They become Teachers and Community Facilitators to bring about positive change in Maternal and Child Health.

4.6 Livelihood Interventions: The Company has been playing a catalytic and supportive role to help the local women to form Self-Help Groups. There has been a steady rise in the number of SHGs and in their membership.

Currently there are about 40 such SHG formed in 22 adopted villages around Rayagada with 488 women as members. The Unit CPM in Songadh, Gujarat has also been able to successfully replicate the experience at Unit JKPM and 5 SHGs are in advanced stages of formation. Looking at the good results, commercial banks are coming forward with loans to build confidence and help the local tribal people to scale-up their income generating activities.

In addition to helping local people form SHGs, the Company has also been making efforts to create additional income for farmers by introducing scientific practices in agriculture through forming Farmers' Clubs. 222 tribal farmers, through 15 Farmer Clubs, have been able to increase supplementary income.

4.7 SPARSH's efforts to create linkages with Government Agencies: SPARSH, the NGO formed by JK Paper Ltd. has made some beginning to improve access for local people to various Government organizations like National Bank for Agriculture and Rural Development (NABARD), Commercial Banks and Regional Industry Centre.

5. SUMMING UP

It is a matter of pride that the Company has been able to enrich the life of less privileged people to a good extent. JK Paper, however, recognizes that more needs to be done. It is gearing itself to play an increasing role to promote inclusive and sustained growth. This process, in turn will bring about all around positive change in the life of people, particularly for those sections of society which needs the most.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

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

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

2. BOARD OF DIRECTORS:

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

Director	Category	No. of Board Meetings attended during 2012-13	Whether attended last A.G.M. (13.08.2012)	No. of other Directorships and Committee Memberships / Chairmanships		
				Other Directorships\$	Other Committee Memberships**	Other Committee Chairmanships**
Sh. Hari Shankar Singhania, Chairman*	Executive	2	Yes	N.A.	-	-
Sh. Bharat Hari Singhania, Chairman# (w.e.f. 21.05.2013)	Non-Executive non-Independent	N.A.	N.A.	4	1	-
Sh. Arun Bharat Ram	Non-Executive Independent	3	No	6	2	-
Sh. Dharendra Kumar	Non-Executive non-Independent	4	No	5	2	-
Sh. M.H.Dalmia	Non-Executive Independent	4	No	1	-	-
Sh. R. V. Kanoria	Non-Executive Independent	3	No	7	-	-
Sh. Shailesh Haribhakti	Non-Executive Independent	1	No	12	5	5
Sh. Shailendra Swarup (w.e.f. 21.05.2013)	Non-Executive Independent	N.A.	N.A.	4	1	-
Sh. Udayan Bose	Non-Executive Independent	4	Yes	2	1	-
Smt. Vinita Singhania	Non-Executive non-Independent	4	No	3	-	-
Sh. Wilhelmus Johannes Maria Wienk (nominee of FCCB Holders)	Non-Executive non-Independent	3	Yes	-	-	-
Sh. Harsh Pati Singhania, Vice Chairman & Managing Director@	Executive	4	Yes	2	2	-
Sh. O. P. Goyal, Whole-time Director	Executive	4	Yes	2	-	-

- * Sh. Hari Shankar Singhania, Chairman of the Board of Directors, passed away on 22nd February 2013.
 - # The Board appointed Shri Bharat Hari Singhania as Chairman of the Board of Directors of the Company w.e.f. 21st May 2013.
 - @ Shri Harsh Pati Singhania, Managing Director, has been appointed as Vice Chairman of the Board of Directors, w.e.f. 21st May 2013. He shall now be "Vice Chairman & Managing Director" of the Company.
Sh. S.K. Pathak, Director expired on 04.01.2013 (attended 1 Board Meeting)
 - \$ excludes Directorships in Private Ltd Companies, Foreign Companies, memberships of Managing Committees of various Chambers/bodies /Section 25 Companies.
 - ** only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee.
- Shri Harsh Pati Singhania, Vice Chairman & Managing Director, Smt. Vinita Singhania, Director and Shri Dharendra Kumar, Director are relatives of Shri Bharat Hari Singhania, Chairman.

DATE AND NUMBER OF BOARD MEETINGS

HELD: -

Four Board Meetings were held during the year 2012-13 on 14th May 2012, 23rd July 2012, 18th October 2012 and 21st January 2013.

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

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

3. AUDIT COMMITTEE:

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

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

Four meetings of the Audit Committee were held during the year 2012-13 as detailed hereunder:

Dates of meetings	No. of members attended
14 th May 2012	4
23 rd July 2012	4
18 th October 2012	3
21 st January 2013	3

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

Name	Status	No. of Meetings attended
Shri Udayan Bose	Chairman	4
Shri Arun Bharat Ram	Member	3
Shri Dharendra Kumar	Member	4
Shri R.V.Kanoria	Member	3

4.1 REMUNERATION COMMITTEE (Non mandatory):

The Remuneration Committee presently consists of three Independent Directors, namely Shri Arun Bharat Ram, (Chairman), Shri R.V.Kanoria and Shri Udayan Bose to consider, determine and recommend remuneration to the Executive Director(s) of the Company.

Two meetings of the Remuneration Committee was held during the year 2012-13 as detailed hereunder:

Dates of meetings	No. of members attended
14 th May 2012	3
21 st January 2013	3

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

Name	Status	No. of Meetings attended
Shri Arun Bharat Ram	Chairman	2
Shri R.V.Kanoria	Member	1
Shri Udayan Bose	Member	2
Shri M.H.Dalmia	Special Invitee	1

4.2 REMUNERATION TO DIRECTORS:

A. Executive Directors

The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Fund for the year ended 31st March, 2013 to the Chairman, the Vice Chairman & Managing Director and the Whole-time Director is as follows: Shri Hari Shankar Singhania, Rs. 269.03 lac; Shri Harsh Pati Singhania, Rs. 289.96 lac; and Shri O. P. Goyal, Rs. 168.42 lac.

The Company does not have any Stock Option Scheme. In the case of Executive Directors, notice period is 6 months. Severance fee for the 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.6.15 lac to all Non-executive Directors for attending the meetings of the Board and/or Committees of Directors, during the financial year 2012-13. Besides the sitting fees, they are also paid commission. At the Annual General Meeting of the Company held on 12.12.2007, the Members had approved payment of commission not exceeding 1% per annum of the net profits of the Company to the Non - Executive Directors. Each year, the Board fixes the amount to be paid as commission to them. For the year 2012-13, the Board has approved a commission of Rs.5 lac each to be paid to Shri Arun Bharat Ram, Shri Dharendra Kumar, Shri M.H. Dalmia,

Shri R.V. Kanoria, Shri Shailesh Haribhakti, Shri Udayan Bose, Smt. Vinita Singhania and Shri Wilhelmus Johannes Maria Wienk & Rs. 2 lac to Shri S.K. Pathak.

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

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

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Committee presently consists of four Directors, namely Shri R.V.Kanoria (Chairman), Shri Arun Bharat Ram, Shri Harsh Pati Singhania, Vice Chairman & Managing Director and Shri O.P. Goyal, Whole-time Director. The Composition of the Committee is in conformity with Clause 49 IV (G) (iii) of the Listing Agreement. Four meetings of the said Committee were held during the year 2012-13 as detailed hereunder:

Dates of meetings	No. of members attended
14 th May 2012	4
23 rd July 2012	4
18 th October 2012	3
21 st January 2013	3

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

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

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

Twenty Four investor complaints were received during the financial year ended 31st March 2013, 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 2013, 17 meetings of the said Committee of Directors were held.

6. GENERAL BODY MEETINGS:

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

Year	Location	Date	Time
2009-10	P.O. Central Pulp Mills - 394 660 Fort Songadh, Distt.Tapi, Gujarat	02-08-2010	1.30 P.M.
2010-11	Same as above	08-08-2011	12.30 P.M.
2011-12	Same as above	13-08-2012	12.00 Noon

- (ii) No Special Resolutions were required to be put through postal ballot last year. No Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

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

- (a) At the last Annual General Meeting of the Company held on 13th August 2012, Special Resolutions were passed unanimously:

- (i) to approve payment of commission to the Directors other than the Managing or Whole-time Directors.
- (ii) to amend sub-clause 3 of Article 101 of the Articles of Association of the Company by substitution of the existing explanation therein by a new explanation.
- (iii) to re-appoint and approve the terms of remuneration of the Chairman and the Managing Director of the Company for a period of 5 years w.e.f. 01.01.2012.

- (iv) to re-appoint and approve the terms of remuneration of the Whole-time Director of the Company for a period of 3 years w.e.f. 07.09.2012.

- (b) At the Annual General Meeting of the Company held on 8th August 2011, Special Resolutions were passed unanimously:

- (i) to insert Article 4B in Articles of Association of the Company, regarding enforceability of Foreign Currency Convertible Bonds Subscription Agreements.
- (ii) to accord consent to Sh. Shrivats Singhania to hold an office or place of profit pursuant to Section 314 of the Companies Act, 1956 w.e.f. 1st September 2011.

- (c) At the Annual General Meeting of the Company held on 2nd August 2010, no Special Resolution was required to be passed.

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

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

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

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

8. MEANS OF COMMUNICATION:

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

9. GENERAL SHAREHOLDERS' INFORMATION:

(i) Annual General Meeting (AGM) :-

(a) Date and : Saturday, 17th August 2013
Time at 12.15 P.M.

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

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

(ii) **Book Closure** : 5th August 2013 to
17th August 2013
(both days inclusive)

(iii) **Dividend** : August/ September 2013
Payment Date

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

Annual General Meeting for the year : Between June and
September 2014
ending March 31, 2014

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

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (Stock Code - JK Paper) and BSE Limited (Stock Code - 532162). Listing Fee for the year 2013-14 has been paid to the said Stock Exchanges.

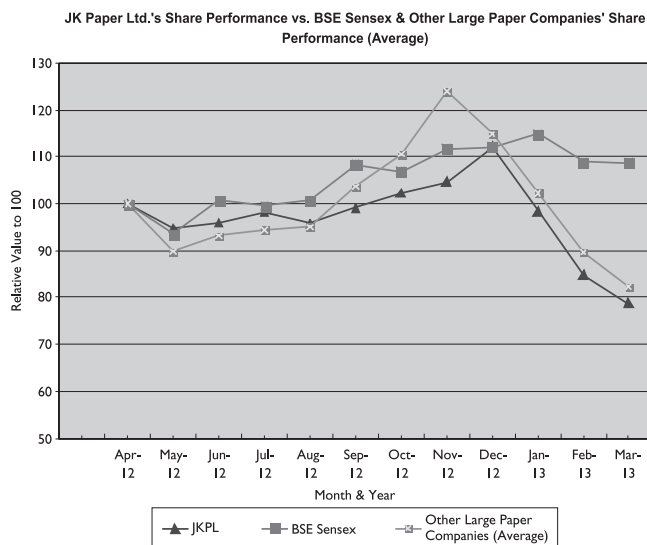
(vi) Stock Market Price Data :

Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2012				
April	39.90	35.00	39.95	35.10
May	38.00	32.10	36.25	32.65
June	34.70	32.75	34.85	32.75
July	39.95	33.45	40.30	33.80
August	36.20	33.05	38.00	33.80
September	37.00	33.85	36.65	34.10
October	43.70	35.40	43.65	35.35
November	38.20	35.00	39.70	35.00
December	46.80	37.00	45.65	37.10
2013				
January	40.85	34.80	40.85	34.90
February	38.70	29.70	38.50	30.05
March	31.00	27.45	31.10	27.15

(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 2012 to March 2013]:



(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 2013, 99.96% 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 10 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 2013:**

Number of Equity Shares held	Shareholders		Shares Held	
	Number	%	Number	%
I to 500	16,334	79.10	26,14,452	1.91
501 to 1,000	1963	9.51	16,89,278	1.24
1,001 to 5,000	1759	8.52	41,21,572	3.01
5,001 to 10,000	261	1.26	19,39,497	1.42
Over 10,000	332	1.61	12,62,55,826	92.42
Total	20,649	100.00	13,66,20,625	100.00

(b) **Pattern of Equity Shareholding (both in physical and electronic form) as on 31st March 2013 :**

Category	No. of Equity Shares held	Percentage of Shareholding
Domestic Companies	8,04,93,768	58.92
Resident Individuals & Trusts	3,57,24,576	26.15
FIs, Mutual Funds & Banks	72,60,583	5.31
Foreign Investors/ FIIs / NRIs	1,31,41,698	9.62
Total	13,66,20,625	100.00

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

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

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

(xii) **Plant locations :**

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

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

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

2. Company Secretary
JK Paper Limited
Gulab Bhawan (Rear Block - 3rd Floor)
6A, Bahadur Shah Zafar Marg
New Delhi-110 002
Ph. 011-30179100 (ext : 560,564,776)
Fax No. 91-11-23739475

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

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

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

10. DECLARATION:

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of JK Paper Limited" during the Financial Year ended 31st March 2013.

Harsh Pati Singhania
Vice Chairman & Managing Director

11. CODE FOR PREVENTION OF INSIDER TRADING:

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

AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of JK Paper Limited

We have examined the compliance of conditions of Corporate Governance by JK Paper Limited for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No. 000756N

K.S. MEHTA
Partner
(Membership No. 008883)

Place : New Delhi
Date : 21st May 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of JK PAPER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of JK Paper Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and Notes to Financial Statements comprising of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement complies with the Accounting Standards

referred to in subsection (3C) of section 211 of the Companies Act, 1956;

- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.S. KOTHARI MEHTA & CO.**

Chartered Accountants

Firm Reg. No. 000756N

K.S. MEHTA

Partner

Membership No. 008883

Place : New Delhi

Date : 21st May, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (I) of our Report of even date of JK PAPER LIMITED for the year ended 31st March, 2013)

- 1) (a) The Company has maintained proper records in respect of its fixed assets showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management according to the programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its Fixed Assets. The discrepancies, if any, noticed on such physical verification have been properly dealt with in the books of accounts.
- (c) As per the records and information and explanations given to us, fixed assets disposed off during the year were not substantial.
- 2) (a) We have been explained by the management that the inventory has been physically verified at reasonable intervals during the year and confirmations are obtained where inventory are lying with third parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory. As far as we can ascertain and according to information and explanations given to us by the management, the discrepancies whenever material noticed on such physical verification of inventory as compared to book records were properly dealt within the books of accounts.
- 3) (a) As informed to us, the Company has given unsecured loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of said Company is Rs. 23.03 Crores and the year-end balance of such loan is Rs. 20.06 Crores.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & conditions on which aforesaid loan has been given are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of aforesaid loan, the repayment of principal as well as interest is regular.
- (d) In respect of the loan given by the Company, no amount, principal as well as interest, is overdue and therefore provisions of clause 4(iii) (d) of the Order is not applicable.
- (e) As informed to us, the Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (f) and (g) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature where suitable alternative sources do not exist for obtaining comparable quotations, there is reasonable internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5) (i) According to the information and explanations provided by the management and based upon

audit procedures performed, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and

- (ii) In our opinion and according to information and explanations given to us, the transactions, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of five lacs rupees in respect of each party during the financial year, have been made at prices which are reasonable (read with Para 4 above and Note no. 35 (b) of the accompanying financial statements) having regard to prevailing market price at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58 A and 58 AA or any other relevant provisions of the Act and the rules framed there under with regard to deposits accepted from the public. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- 7) The Company has an internal audit system which is commensurate with the size of the Company and nature of its business.
- 8) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.

- 9) (a) According to the records of the Company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Income Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2013.
- (b) According to the records and information and explanations given to us, there are no dues in respect of wealth tax, service tax and Custom Duty that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of Sales Tax, Excise Duty, Income Tax and cess that have not been deposited with the appropriate authority on account of dispute and the forum where the dispute is pending are given below:

Nature of status	Nature of dues	Period for which amount relates	Amount involved (Rs. in Crores)	Forum where dispute is pending
Sales Tax Act	Sales Tax	1983-84/1987-88	0.05	Sales Tax Department- Delhi Sales Tax Tribunal, Cuttack Sales Tax Tribunal, Cuttack Deputy Commissioner, Delhi Sales Tax Tribunal, Cuttack High Court Allahabad Sales Tax Tribunal, Cuttack Additional Commissioner, Cuttack Sales Tax Tribunal Cuttack High Court Allahabad Joint Commissioner Appeals, Vadodara High Court Allahabad High Court Allahabad
		1997-98	0.16	
		2001-2002	0.11	
		2002-2003	0.01	
		2003-2004	0.01	
		2004-2005	0.46	
		2004-2005	0.03	
		2005-2009	1.46	
		2005-2009	0.16	
		2006-2007	1.05	
		2006-2007	2.21	
		2007-2008 & 2008-2009	0.48	
		2009-2010	0.10	
Central Excise Act	Excise Duty	1981-1982/1982-1983	0.70	Deputy Commissioner Central Excise, Rayagada Supreme Court High Court, Cuttack CESTAT Ahmedabad CESTAT Ahmedabad Commissioner (Appeals), Surat CESTAT Ahmedabad CESTAT Ahmedabad Commissioner (Appeals), Surat CESTAT Kolkata Commissioner (Appeals), Surat Commissioner (Appeals), Surat Commissioner (Appeals), Surat Commissioner (Appeals), Surat Commissioner (Appeals), Surat
		1982-1983	0.41	
		1986-1987 & 1994-1995	1.31	
		2004-2007	0.06	
		2005-2007	0.03	
		2005-2009	0.05	
		2007-2009	0.90	
		2007-2008/2008-2009	0.15	
		2007-2009	2.47	
		2008-2009 & 2009-2010	6.22	
		2009-2011	0.20	
		2009-2012	0.23	
		2009-2012	0.20	
		2010-2011	0.26	
		2010-2012	0.02	
Water (PCP) Cess Act, 1977	Cess	2001 - 2002	1.08	Cess Appellate Committee, OSPCB, Bhubaneswar
Income Tax Act, 1961	Income Tax	A.Y 2002-2003 to 2005-2006	0.13	High Court Ahmedabad
		A.Y 2010-2011	1.16	CIT (Appeal)

Read with Note no. 30 of the accompanying financial statements.

- 10) The Company does not have accumulated losses and has not incurred cash losses during the current year and in the immediately preceding financial year.
- 11) In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues to banks, financial institutions and debenture/bond holders.
- 12) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund or a nidhi/mutual benefit fund/society, therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- 14) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has given an undertaking to Infrastructure Development Finance Company Limited against loan given to JK Enviro -Tech Limited, the current outstanding is Rs. 17.17 Crore, as stated in Note 31(a) of the accompanying financial statements. Further, during the year the Company has agreed with HDFC Limited that on happening of certain events, it will take all steps as may be required to ensure the timely repayment of loan obligations of its Subsidiaries for the loan availed by them from HDFC Ltd., the current outstanding is Rs. 38.40 Crore, as stated in Note 31(b) of the accompanying financial statements. In our opinion, the terms and conditions of above are not, prima facie, prejudicial to the interest of the Company.
- 16) In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which they were obtained.
- 17) According to information and explanations given to us and on an overall examination of the Financial Statements of the Company, no funds raised on short-term basis have been used for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 19) According to the information and explanations given to us and the records examined by us, the Company has no outstanding secured debentures; however adequate amount is kept in reserve as security in respect of unsecured bonds outstanding at year end.
- 20) According to the information and explanations given to us and the records examined by us, the Company had raised money through Rights issue of Rs. 245.58 Crore in previous year out of which balance Rs. 97.31 Crore has been fully utilized during the year. (Refer Note No. 53 of the accompanying financial statements).
- 21) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **S.S. KOTHARI MEHTA & CO.**

Chartered Accountants

Firm Reg. No. 000756N

K.S. MEHTA

Partner

Membership No. 008883

Place : New Delhi

Date : 21st May, 2013

BALANCE SHEET

AS AT 31ST MARCH, 2013

Rs. in Crore (10 Million)

	Note	31 st March, 2013	31 st March, 2012
EQUITY AND LIABILITIES :			
Shareholders' Funds			
Share Capital	2	136.62	136.65
Reserves & Surplus	3	738.87	714.81
		875.49	851.46
Non Current Liabilities			
Long Term Borrowings	4	1,478.28	845.56
Deferred Tax Liabilities (Net)		119.97	121.82
Other Long Term Liabilities	5	27.91	24.13
Long Term Provisions	6	3.27	2.79
		1,629.43	994.30
Current Liabilities			
Short Term Borrowings	7	123.14	130.63
Trade Payables		137.06	142.70
Other Current Liabilities	8	286.72	237.71
Short Term Provisions	9	12.64	26.13
		559.56	537.17
	TOTAL	3,064.48	2,382.93
ASSETS :			
Non Current Assets			
Fixed Assets:			
Tangible Assets	10	770.88	806.68
Intangible Assets	11	0.15	0.38
Capital work-in-progress		1,539.27	581.86
Intangible assets under development		1.57	-
		2,311.87	1,388.92
Non Current Investment	12	15.05	12.65
Long Term Loans and Advances	13	130.77	229.02
Other Non Current Assets	14	45.36	47.75
		2,503.05	1,678.34
Current Assets			
Current Investments	15	-	60.31
Inventories	16	216.00	164.19
Trade Receivables	17	119.38	144.16
Cash and Bank Balances	18	33.80	147.69
Short Term Loans and Advances	19	180.87	179.56
Other Current Assets	20	11.38	8.68
		561.43	704.59
	TOTAL	3,064.48	2,382.93

Significant Accounting Policies

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

As per our report of even date

For and on behalf of the Board

FOR S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 21st May, 2013

S.C. GUPTA
Company Secretary

B.H. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SHAILENDRA SWARUP

SHAILESH HARIBHAKTI
UDAYAN BOSE
VINITA SINGHANIA

Chairman
Vice Chairman & Managing Director
Whole Time Director

Directors

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2013

		Rs. in Crore (10 Million)	
	Note	2012-13	2011-12
REVENUE :			
Sales		1,721.38	1,557.10
Less : Discounts		184.70	161.79
		1,536.68	1,395.31
Less : Excise Duty		83.49	67.05
Net Sales		1,453.19	1,328.26
Other Operating Revenue	21	5.92	1.80
Revenue from Operation		1,459.11	1,330.06
Other Income	22	11.87	23.50
Total Revenue [I]		1,470.98	1,353.56
EXPENSES :			
Cost of Materials Consumed	23	833.12	721.40
Purchases of Stock-in-Trade		84.07	72.20
Changes in Inventories of Finished Goods & WIP	24	(12.12)	(16.13)
Employee Benefits Expense	25	141.74	126.14
Other Expenses	26	279.76	273.64
Total [II]		1,326.57	1,177.25
Profit before Interest, Depreciation & Tax (PBITD) [I - II]		144.41	176.31
Finance Costs	27	49.90	51.25
Depreciation and Amortization Expenses	28	72.91	72.94
Profit before Exceptional Items and Tax		21.60	52.12
Exceptional Items	52	15.74	-
Profit before Tax		37.34	52.12
Tax Expense :			
Current Tax (MAT)		7.86	10.60
Less : MAT Credit Entitlement		6.37	1.22
Net Current Tax		1.49	9.38
Deferred Tax Credit		(1.85)	(6.58)
Profit After Tax		37.70	49.32
Earning per Equity Share (Rs.)			
Basic		2.76	4.41
Diluted		2.18	3.46

Significant Accounting Policies I

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

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

For and on behalf of the Board

FOR S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 21st May, 2013

S.C. GUPTA
Company Secretary

B.H. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

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DHIRENDRA KUMAR
M.H. DALMIA
SHAIENDRA SWARUP

SHAILESH HARIBHAKTI
UDAYAN BOSE
VINITA SINGHANIA

Chairman
Vice Chairman & Managing Director
Whole Time Director

Directors

Note I

SIGNIFICANT ACCOUNTING POLICIES

- a) Accounts are maintained on accrual basis. Claims/Refunds not ascertainable with reasonable certainty are accounted for on settlement basis.
- b) Cash flows are reported using the indirect method.
- c) Fixed Assets are stated at cost adjusted by revaluation of certain assets.
- d) Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/erection.
- e)
 - i) Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the Balance Sheet date are translated at exchange rate prevailing at the year end. Premium or discount in respect of forward contracts covered under AS 11 (revised 2003) is recognized over the life of contract. Exchange differences arising on actual payments/realizations and year end translations including on forward contracts are dealt with in Statement of Profit and Loss except foreign exchange loss/gain on reporting of long-term foreign currency monetary items used for depreciable assets, which are capitalized. Non Monetary Foreign Currency items are stated at cost.
 - ii) In accordance with Announcement issued by the Institute of Chartered Accountants of India all outstanding derivatives except covered under AS 11 (revised 2003) are marked to market on Balance Sheet date and loss, if any, is recognized in Statement of Profit & Loss and gains are ignored.
- f) Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management. The current investments are stated at lower of cost and quoted/fair value computed category-wise. When investment is made in partly convertible debentures with a view to retain only the convertible portion of the debentures, the excess of the face value of the non-convertible portion over the realisation on sale of such portion is treated as a part of the cost of acquisition of the convertible portion of the debenture. Income in respect of securities with long-term maturities is accounted for as per contractual obligation.
- g) Inventories are valued at the lower of cost and net realisable value (except scrap/waste which are valued at net realisable value). The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- h) Revenue from operation is recognized when significant risk and reward of ownership is passed on to the customer.

Interest Income is recognized on time proportion basis.

Dividend Income on investment is accounted for when the right to receive the payment is established.

Export incentives, Duty drawbacks and other benefits are recognized in the Statement of Profit and Loss.

Project subsidy is credited to Capital Reserve.
- i) Revenue expenditure on Research and Development is charged to Statement of Profit and Loss in the year in which it is incurred and capital expenditure is added to Fixed Assets.
- j) Borrowing cost is charged to Statement of Profit and Loss except cost of borrowing for acquisition of qualifying assets which is capitalised till the date of commercial use of the asset.
- k)
 - i) Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method considering the rates in force at the time of respective additions of the assets made before 02.04.1987 and on additions thereafter at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Continuous Process Plants as defined in Schedule XIV have been considered on technical evaluation. Depreciation on additions due to exchange rate fluctuation is provided

on the basis of residual life of the assets. Depreciation on assets costing up to Rs.5000/- and on Temporary Sheds is provided in full during the year of additions. Intangible Assets are being depreciated @ 20% p.a. on Straight Line Method.

- ii) Depreciation on the increased amount of assets due to revaluation is computed on the basis of the residual life of the assets as estimated by the valuers on straight-line method.
 - iii) Leasehold Land is being amortised over the lease period.
- l) An asset is treated as impaired when the carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss when an asset is identified as impaired. Reversal of impairment loss recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.
- m) Employee Benefits:
- i) Defined Contribution Plan
Employee benefit in the form of Superannuation Fund is considered as defined contribution plan and charged to the Statement of Profit and Loss in the year when the contribution to the respective fund is due.
 - ii) Defined Benefit Plan
Retirement benefits in the form of Gratuity is considered as defined benefit obligation and provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance Sheet. The Provident Fund Contribution is made to trust administered by the trustees. The interest rate to the members of the trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. Shortfall, if any, shall be made good by the Company.
 - iii) Other long-term benefits
Long term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance Sheet.
Actuarial gain/losses, if any, are immediately recognized in the Statement of Profit and Loss.
- n) Lease rentals in respect of assets taken on finance lease are accounted for in reference to lease terms.
- o) Expenditure incurred against which benefit is expected to flow into future periods, are treated as Deferred Revenue Expenditure and charged to Revenue Account over the expected duration of benefit. Share issue expense is charged to Securities Premium Reserve in the year of issue. ECA Premium on loans is to be amortised over the tenure of loan.
- p) Intangible Assets are being recognised if the future economic benefits attributable to the asset are expected to flow to the company and the cost of the asset can be measured reliably. The same are being amortised over the expected duration of benefits.
- q) Current tax is the amount of tax payable on the estimated taxable income for the current year as per the provisions of Income Tax Act, 1961. Deferred tax assets and liabilities are recognised in respect of current year and prospective years. Deferred Tax Assets are recognised on the basis of reasonable certainty/virtual certainty as the case may be, that sufficient future taxable income will be available against which the same can be realised.
- r) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes.
- s) Premium on redemption of preference shares is accounted for in the year of redemption.

Rs. in Crore (10 Million)

31st March, 2013 31st March, 2012

Note 2

Share Capital

Authorised :

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

Issued, Subscribed and Paid-up :

Equity Shares - 13,66,20,625 (Previous year 13,66,20,625)	136.62	136.62
of Rs.10 each fully paid up		
10% Cumulative Redeemable Preference Shares - Nil		
(Previous Year 3,000) of Rs. 100 each fully paid-up	-	0.03
	<u>136.62</u>	<u>136.65</u>

Notes :

(a) (i) Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	13,66,20,625	7,81,49,939
Add : Shares issued during the year	-	5,84,70,686
Less : Shares bought back during the year	-	-
Shares outstanding at the end of the year	<u>13,66,20,625</u>	<u>13,66,20,625</u>
(ii) Reconciliation of Preference Share Capital (In numbers)		
Shares outstanding at the beginning of the year	3,000	9,000
Add : Shares issued during the year	-	-
Less : Shares redeemed during the year	3,000	6,000
Shares outstanding at the end of the year	<u>-</u>	<u>3,000</u>

(b) (i) Equity Shares:

The equity shareholders have:-

- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing general meeting.
- The Company has only one class of Equity Shares having face value of Rs. 10/- each and each shareholder is entitled to one vote per share.
- In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their individual shareholding in the paid up equity capital of the Company.

(ii) Preference Shares:-

The cumulative redeemable preference shareholders had:-

- The right to receive a fixed cumulative preferential dividend at specified rate on the paid up capital.
- The right to receive arrears of cumulative dividend, if any, whether earned or declared or not, at time of redemption of the said shares, and,
- The right in a winding up to have the capital paid up on such shares and the arrears, if any, of the said preferential dividend, whether earned or declared or not, be paid off in priority to any payment of capital on equity shares. However, it shall not confer the right to any further participation in the profits or assets of the Company.
- The right to vote, in respect of such capital, in proportion as paid up preference share capital bears to the total paid up equity capital only on resolutions directly affecting their rights and on every resolution on non-payment of dividend for an aggregate period of not less than two years.

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

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

	31st March, 2013	31st March, 2012
Bengal & Assam Company Limited	2,83,01,332	2,83,01,332
Fenner (India) Limited	2,54,57,500	2,54,57,500
JK Paper Employees Welfare Trust	1,35,85,362	1,37,25,362
JK Agri Genetics Limited	1,16,81,684	1,16,81,684
International Finance Corporation	76,90,000	76,90,000

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

JK Paper Employees Welfare Trust	-	1,832
Bengal & Assam Company Limited	-	444
IFCI Limited	-	278
Life Insurance Corporation of India	-	222
State Bank of India	-	160

Rs. in Crore (10 Million)

Note 3

	As at 1st April, 2012	Additions	Transfers	As at 31st March, 2013
RESERVES AND SURPLUS				
Capital Reserve	29.92	-	-	29.92
Capital Redemption Reserve	2.97	0.03	-	3.00
Securities Premium Reserve	360.54	-	5.46 (a)	355.08
Debenture Redemption Reserve	0.66	0.82	-	1.48
Revaluation Reserve	3.59	-	0.19 (b)	3.40
General Reserve	45.57	-	- (c)	45.57
Surplus in Statement of Profit & Loss (d)	271.56	28.86	-	300.42
	714.81	29.71	5.65	738.87
Previous Year	510.66	212.60	8.45	714.81

Notes :

- (a) (i) Adjusted Premium on Redemption of Preference Shares Rs. 5.46 Crore (Previous year Rs. 5.46 Crore).
(ii) Share issue expenses on account of Rights Issue Rs. Nil (Previous year Rs. 2.80 Crore).
- (b) Rs. 0.19 Crore to Statement of Profit and Loss towards Additional Depreciation arising out of revaluation of Fixed Assets (Previous year Rs. 0.19 Crore).
- (c) Transfer from Surplus in Statement of Profit & Loss Account - Current year Rs. Nil (Previous year Rs. 2.50 Crore).
- (d) Details of surplus in Profit and Loss Statement from Previous year:

	As at 31st March, 2013	As at 31st March, 2012
Surplus in Profit and Loss Statement from Previous year	271.56	249.29
Net Profit for the Current year	37.70	49.32
Debenture Redemption Reserve	(0.82)	(0.66)
Transfer to Capital Redemption Reserve	(0.03)	(0.06)
Transfer to General Reserve	-	(2.50)
Dividend (e)	(6.83)	(20.50)
Corporate Dividend Tax	(1.16)	(3.33)
Surplus in Profit and Loss Statement carried to Balance Sheet	300.42	271.56

- (e) Dividend proposed @ Rs. 0.50 per Equity Share and @ Rs. 2.50 per Preference Share.
- (f) During the previous year 5,84,70,686 Equity Shares were issued at a premium of Rs. 32/- per share.

Rs. in Crore (10 Million)
31st March, 2013 31st March, 2012

Note 4

LONG TERM BORROWINGS

SECURED

Term Loans

- From Banks	1,312.53	627.33
- From Financial Institutions	48.84	73.63

UNSECURED

Foreign Currency Term Loans from Bank	1.29	2.43
Foreign Currency Convertible Bonds (FCCB's)	243.40	239.19
Public Deposits	15.33	20.34
Finance Lease obligation	1.51	-
	<u>1,622.90</u>	<u>962.92</u>
Less: Current maturities of Long Term Borrowings		
Term Loans from Banks (Secured)	118.11	78.01
Term Loan from Financial Institutions (Secured)	18.35	27.56
Foreign Currency Term Loans from Banks (Unsecured)	1.29	1.22
Public Deposits (Unsecured)	6.52	10.57
Finance Lease obligation	0.35	-
	<u>144.62</u>	<u>117.36</u>
Total	<u>1,478.28</u>	<u>845.56</u>

Notes :

- A Term Loans of Rs 250.65 Crore (Fls – Rs 48.84 Crore and Banks Rs 201.81 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets of the Company. Out of the above Term Loan Rs. 59.19 Crore (Fls - Rs. 46.59 Crore and Banks Rs. 12.60 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 aggregating to Rs. 14.97 Crore are repayable in 2 equal annual instalments from June-2013 to June-2014,
 - 2 Term Loan of Rs. 26.65 Crore is repayable in 7 half-yearly instalments from June-2013 to June-2016,
 - 3 Term Loans aggregating to Rs. 78.93 Crore are repayable in total 20 equal half-yearly instalments from June-2013 to June-2018,
 - 4 Term Loans aggregating to Rs. 117.50 Crore are repayable in total 35 equal quarterly instalments from June-2013 to March-2018,
 - 5 Term Loan of Rs. 12.60 Crore is repayable in 14 equal monthly instalments from April-2013 to May-2014.
- B Terms Loans of Rs 988.22 Crore (Fls – Rs Nil, Banks Rs 988.22 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 Rs. 425.00 Crore are repayable in total 25 equal quarterly instalments from September-2014 to December-2020,
 - 2 Term Loans aggregating to Rs. 563.22 Crore are repayable in total 83 equal half-yearly instalments from May-2013 to June-2023.
- C Terms Loans of Rs 122.50 Crore (Fls – Rs Nil, Banks Rs 122.50 Crore) is secured by means of first pari passu mortgage/charge to be created on the fixed assets, both present and future, of Unit CPM of the company. These Term Loans are repayable in 12 equal quarterly instalments from October-2013 to March-2017.
- D Certain charges in the process of satisfaction. Secured Terms Loans from Financial Institutions and Banks include Rs. 637.55 Crore foreign currency loans.
- E Un-secured Term Loan from Bank of Rs. 1.29 Crore is repayable in 2 equal half yearly instalments from Apr-2013 to Oct-2013.
- F Finance Lease of Rs. 1.51 Crore is repayable in 14 equal quarterly instalments from June-2013 to September-2016.
- G FCCB's of EURO 35 Million @ 6.455% issued on 30th May, 2011 are convertible into equity shares of the company at an initial conversion price of Rs. 65 per share, subject to price adjustment as per agreement, after 3 years and 6 months from the date of issue. If not converted then the FCCBs will be redeemed at par between 15th May 2016 to 15th May 2018 in 5 half yearly instalments.
- H Public deposits are due for repayment in 2013-14, 2014-15 & 2015-16.

Rs. in Crore (10 Million)

31st March, 2013 31st March, 2012

Note 5

OTHER LONG TERM LIABILITIES

Trade Deposits	27.08	22.73
Interest accrued but not due on Public Deposits	0.83	1.40
	<u>27.91</u>	<u>24.13</u>

Note 6

LONG TERM PROVISIONS

Provision for Employee Benefits	3.27	2.79
	<u>3.27</u>	<u>2.79</u>

Note 7

SHORT TERM BORROWINGS

SECURED

Working Capital Borrowings from Bank	64.40	106.35
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UNSECURED

Acceptance SIDBI	15.78	-
Buyer's Credit facilities from Bank	41.82	23.37
Public Deposits	1.14	0.91
	<u>123.14</u>	<u>130.63</u>

Note :

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

Note 8

OTHER CURRENT LIABILITIES

Current maturities of Long Term Borrowings	144.62	117.36
Interest accrued but not due on Borrowings	11.27	12.01
Unclaimed Dividends #	0.21	0.24
Unclaimed Matured Deposits #	0.72	0.70
Unclaimed interest on Unclaimed Matured Deposits #	0.08	0.08
Advance from Customers	4.51	4.70
Statutory Dues	11.02	10.40
Capital Creditors	78.74	57.47
Other Payables	35.55	34.75
	<u>286.72</u>	<u>237.71</u>

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

Note 9

SHORT TERM PROVISIONS

Provision for Employee Benefits	4.65	2.31
Proposed Dividend	6.83	20.50
Tax on Proposed Dividend	1.16	3.32
	<u>12.64</u>	<u>26.13</u>

Note 10**TANGIBLE ASSETS**

Rs. in Crore (10 Million)

Description	GROSS BLOCK (b)				DEPRECIATION			NET BLOCK	
	As at 1 st April, 2012	Additions/ Adjustments	Sales/ Adjustments	As at 31 st March, 2013	Upto 31 st March, 2012	For the year	On Sales/ Adjustments	As at 31 st March, 2013	As at 31 st March, 2012
Land - Freehold (a) - Leasehold	4.90 0.17	- -	*0.00 -	4.90 0.17	- 0.03	- ♦0.00	- -	4.90 0.14	4.90 0.14
Building	122.79	2.56	-	125.35	38.01	3.43	-	83.91	84.78
Plant & Equipment (c)	1,310.49	29.17	0.01	1,339.65	614.67	66.26	♦0.00	658.72	695.82
Furniture and Fixture	4.40	0.45	0.10	4.75	2.19	0.26	0.04	2.34	2.21
Office Equipment	11.66	3.92	0.09	15.49	6.44	1.25	0.05	7.85	5.22
Vehicles & Locomotive	16.24	2.22	1.82	16.64	4.81	1.45	0.68	11.06	11.43
Railway Siding	4.64	-	-	4.64	2.46	0.22	-	1.96	2.18
Total	1,475.29	38.32	2.02	1,511.59	668.61	72.87	0.77	770.88	806.68
Previous year	1,443.02	37.54	5.27	1,475.29	599.55	72.53	3.47	806.68	

♦ Rs. 21,405/- * Rs. 13,711/- ▲ Rs. 18,255/-

Notes:

- Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees and cost of 34.72 acres land for which title is yet to be transferred in name of the Company.
- Gross Block includes amount of revaluation (Note no. 34).
- During the year addition to the Plant & Equipment due to Foreign Exchange Fluctuation (Net) is Rs. 0.10 Crore (Previous year Rs. 0.70 Crore).

Note 11**INTANGIBLE ASSETS**

Rs. in Crore (10 Million)

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 1 st April, 2012	Additions/ Adjustments	Sales/ Adjustments	As at 31 st March, 2013	Upto 31 st March, 2012	For the year	On Sales/ Adjustments	As at 31 st March, 2013	As at 31 st March, 2012
Computer Software	7.51	-	-	7.51	7.13	0.23	-	0.15	0.38
Total	7.51	-	-	7.51	7.13	0.23	-	0.15	0.38
Previous year	12.38	-	4.87	7.51	11.40	0.60	4.87	0.38	

		Rs. in Crore (10 Million)			
Note 12	Face Value Rs./Share	31 st March, 2013		31 st March, 2012	
		Nos.	Book Value	Nos.	Book Value
NON CURRENT INVESTMENTS					
Long Term Investments (At cost, other than trade)					
- Quoted Equity Shares (fully paid up)					
JK Lakshmi Cement Ltd.	5/-	2,16,000	0.52	2,16,000	0.52
Udaipur Cement Works Ltd.	10/-	50,00,000	5.00	50,00,000	5.00
Bengal & Assam Company Ltd.	10/-	4,677	0.06	4,677	0.06
- Unquoted Equity Shares (fully paid up)					
JK Enviro-Tech Ltd. (Associate) #	10/-	17,00,000	1.70	17,00,000	1.70
JK Paper Mills Employees' Co-operative Stores Ltd.	10/-	250	◆0.00	250	◆0.00
Songadh Infrastructure & Housing Ltd. (Wholly Owned Subsidiary)	10/-	49,50,600	4.95	49,50,600	4.95
Jaykaypur Infrastructure & Housing Ltd. (Wholly Owned Subsidiary)	10/-	49,50,600	4.95	49,50,600	4.95
Oji JK Packaging Pvt. Ltd. (Joint Venture)	10/-	24,00,000	2.40	-	-
Investment in Government Securities (Deposited with Govt. Departments)			▲0.00		▲0.00
			19.58		17.18
Less : Provision for diminution in value of Investments			4.53		4.53
			15.05		12.65
Aggregate book value of quoted investments			1.05		1.05
Aggregate book value of unquoted investments			14.00		11.60
Aggregate market value of quoted investments			2.70		1.98

Equity Shares pledged with IDFC Limited for a Loan availed by JK Enviro-Tech Limited.

◆ Rs. 2,500/- ▲ Rs. 3,000/-

Rs. in Crore (10 Million)		
Note 13	31 st March, 2013	31 st March, 2012
LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Capital Advances	74.70	174.83
Deposits with Government Authorities and Others	11.90	10.93
Loans and advances to related parties:		
JK Enviro-Tech Ltd. (Associate)	12.15	19.36
Jaykaypur Infrastructure & Housing Ltd. (Wholly Owned Subsidiary)	3.00	-
Songadh Infrastructure & Housing Ltd. (Wholly Owned Subsidiary)	0.75	-
Other Loans & Advances:		
MAT Credit Entitlement	28.27	21.90
Others	-	2.00
	130.77	229.02

Rs. in Crore (10 Million)

31st March, 2013

31st March, 2012

Note 14

OTHER NON CURRENT ASSETS

Others

Un-amortised Upfront Fee, Syndication Fee etc.	-	0.13
Un-amortised ECA Premium on Loan	27.95	31.44
Derivative Financial Instruments	17.41	16.18
	<u>45.36</u>	<u>47.75</u>

Note 15

CURRENT INVESTMENTS

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

	Nos.	Book Value	Nos.	Book Value
Baroda Pioneer Treasury Advantage - Institutional Growth Plan	-	-	2,07,644	25.00
BSL Floating Rate Fund - Long Term - Institutional - Growth Plan	-	-	16,19,703	20.31
IDFC Ultra Short Term Fund Growth Plan	-	-	67,48,003	10.00
Taurus Fixed Maturity Plan 91 Days Series N - Growth Plan	-	-	50,00,000	5.00
		<u>-</u>		<u>60.31</u>
Aggregate book value of quoted investments		-		60.31
Aggregate book value of unquoted investments		-		-
Aggregate market value of quoted investments		-		60.81

Note 16

INVENTORIES

(As certified by the Management)

Raw Materials #	117.24	83.91
Work-in-Progress @	16.81	14.51
Finished Goods	22.12	14.13
Stock in Trade	14.71	12.38
Stores & Spares #	45.12	39.26
	<u>216.00</u>	<u>164.19</u>

Includes Raw Materials in transit Rs. Nil (Previous year Rs. 0.69 Crore) and Stores & Spares in transit Rs. 0.20 Crore (Previous year Rs. 0.26 Crore).

@ Includes Pulp in process Rs. 1.19 Crore (Previous year Rs. 2.87 Crore) and Semi Finished Goods Rs.15.62 Crore (Previous year Rs. 11.64 Crore).

Rs. in Crore (10 Million)

31st March, 2013 31st March, 2012

Note 17

TRADE RECEIVABLES

UNSECURED

Exceeding six months (from due date):

Considered Good	12.78	18.39
Considered Doubtful	13.09	11.89

Others

Considered Good	106.60	125.77
	132.47	156.05
Less: Provision for Doubtful Debts	13.09	11.89
	119.38	144.16

Note 18

CASH & BANK BALANCES

Cash & Cash Equivalents

Balance with Banks :

Current Accounts	28.00	8.02
Savings Bank Accounts (Employees Security Deposit)	-	0.01
Bank Deposits with original maturity of 3 months or less	-	135.00
Cheques/Drafts on hand	-	0.11
Cash on Hand	0.26	0.27

Other Bank Balances

Bank Deposits with original maturity of 12 months or more #	3.34	2.25
Unclaimed Dividend Accounts	0.21	0.24
Margin Money Deposits	1.99	1.79
	33.80	147.69

Includes Rs. 1.34 Crore pledged with Government Authorities.

Note 19

SHORT TERM LOAN AND ADVANCES

(Unsecured, Considered Good)

Loans and advances to related parties

JK Enviro-Tech Limited (Associate)	22.97	9.86
Jaykaypur Infrastructure & Housing Ltd. (Wholly Owned Subsidiary)	2.04	35.29
Songadh Infrastructure & Housing Ltd. (Wholly Owned Subsidiary)	0.53	9.41

Others

Advances recoverable in cash or in kind or for value to be received	40.58	39.20
Interest accrued but not due	1.17	2.10
Advances to Employees	1.41	2.34
Advances to Suppliers	32.55	47.69
CENVAT Recoverable	69.54	28.13
Advance Income Tax/Tax deducted at source (Net of Provision)	5.80	0.05
Other Deposits	4.28	5.49

Doubtful

Doubtful advances/loans	0.49	0.49
Less : Provision for doubtful advances/loans	0.49	0.49
	180.87	179.56

Rs. in Crore (10 Million)
31st March, 2013 31st March, 2012

Note 20

OTHER CURRENT ASSETS

Others

Un-amortised ECA Premium	3.49	3.49
Derivative Financial Instruments	6.33	4.95
Deferred Premium on Forwards	1.56	0.24
	<u>11.38</u>	<u>8.68</u>
	2012-13	2011-12

Note 21

OTHER OPERATING REVENUE

Insurance charges recovered	1.28	1.09
Provisions of earlier years no longer required	0.94	0.08
Miscellaneous Income	3.70	0.63
	<u>5.92</u>	<u>1.80</u>

Note 22

OTHER INCOME

Interest Income	8.81	17.21
Dividend Income	0.30	0.94
Profit on sale of Fixed Assets	0.10	0.45
Net Gain on sale of Current Investments	2.62	4.90
Non-operating Income		
- Foreign Exchange Fluctuation	0.04	-
	<u>11.87</u>	<u>23.50</u>

Note 23

COST OF MATERIALS CONSUMED

Bamboo	32.22	36.44
Hardwood	256.17	185.60
Pulp	243.90	213.37
Chemicals	247.14	234.63
Packing Material	53.69	51.36
	<u>833.12</u>	<u>721.40</u>

Note 24

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

OPENING STOCK

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

CLOSING STOCK

Finished Goods	22.12	14.13
Stock-in-Trade	14.71	12.38
Stock-in-Process	16.81	14.51
	<u>53.64</u>	<u>41.02</u>

Add : Excise Duty on Variation of Stock	0.50	0.46
(Increase)/Decrease in Stock	<u>(12.12)</u>	<u>(16.13)</u>

	Rs. in Crore (10 Million)	
	2012-13	2011-12
Note 25		
EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages, Allowances, etc.	112.75	101.66
Contribution to Provident and Other Funds	10.81	8.33
Staff Welfare Expenses	18.18	16.15
	<u>141.74</u>	<u>126.14</u>
Note 26		
OTHER EXPENSES		
Consumption of Stores and Spares	27.38	25.96
Power, Fuel and Water	184.97	186.62
Repairs to Building	2.96	4.45
Repairs to Machinery	6.96	5.88
Rent (Net)	10.66	5.88
Insurance Premium	1.49	1.31
Rates and Taxes	0.39	0.40
Commission on Sales	1.89	2.81
Directors' fees	0.06	0.05
Directors' Commission	0.42	0.41
Premium on Forward Exchange Contracts	3.32	2.65
Foreign Exchange Fluctuation	-	4.19
Asset Written off	0.01	0.43
Deferred Revenue Expenditure Written off	0.13	0.05
Bad Debts	0.13	0.27
Provision for Doubtful Debts	1.20	1.36
Travelling and Other Misc. Expenses	37.79	30.92
	<u>279.76</u>	<u>273.64</u>
Note 27		
FINANCE COSTS		
Interest on:		
Term Loan and Public Deposits	33.76	35.09
Others	12.58	12.54
Other Borrowing Costs:		
Financial Charges	0.45	1.29
Premium on Forward Exchange Contracts	2.04	0.48
Lease rent on Machinery	0.24	0.06
Net Loss on Foreign currency transactions and translation	0.83	1.79
	<u>49.90</u>	<u>51.25</u>
Note 28		
DEPRECIATION & AMORTISATION EXPENSE		
Depreciation on Tangible Assets	72.87	72.53
Transfer from Revaluation Reserve	(0.19)	(0.19)
Amortisation of Intangible Assets	0.23	0.60
	<u>72.91</u>	<u>72.94</u>

29. Estimated amount of (i) contracts remaining to be executed on capital account (Net of Advances) Rs. 63.96 Crore (Previous year Rs. 668.29 Crore) and (ii) Investment Rs. 12.60 Crore (Previous year Rs. Nil). Export commitments against import of capital goods under EPCG scheme Rs. 809.82 Crore (Previous year Rs. 364.81 Crore).

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

	Rs. in Crore (10 million)	
	31 st March, 2013	31 st March, 2012
a) Excise duty liability in respect of matters in appeal	12.63	9.83
b) Sales tax liability in respect of matters in appeals	2.82	3.69
c) Other Matters	10.82	27.78

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

31. a) The Company has entered into a Take or Pay agreement for the purpose of sourcing lime from JK Enviro-Tech Ltd. The Company has given an undertaking that on the happening of certain events, it will takeover the Loan taken by JK Enviro-Tech Ltd. from IDFC Ltd. The current outstanding is Rs. 17.17 Crore (including principal and interest) as on 31st March, 2013.

b) The Company has agreed with HDFC Limited that on happening of certain events, it will take all steps as may be required to ensure the timely repayment of the loan obligations of the Housing Subsidiaries for the loan availed from HDFC Limited. The current outstanding is Rs. 38.40 Crore (including principal and interest) as on 31st March, 2013.

32. In respect of levy of Octroi pertaining to Unit - CPM by Songadh Group Gram Panchayat, the Company has paid Rs.1.25 Crore till 31st March 1997 under protest and also created a liability for the similar amount. As the matter is still pending in the court of law, the necessary adjustment, if any, would be made after its disposal.

33. The Company has only one business segment i.e. Paper and Boards and geographical reportable segment i.e. Operations mainly within India, hence Segment Reporting as defined in Accounting Standard (AS - 17) is not required.

34. Land, Roads, Buildings and Pulp Mill Plant & Machinery of Unit - CPM were revalued as on 30.09.1976. The revaluation in respect of these assets (other than Land and Roads) were updated and Plant & Machinery of Paper Machine I & II and Railway Sidings were revalued as on 31.3.1994 based on current replacement cost by the approved valuers appointed for the purpose. As a result, the book value of such assets has been increased by Rs. 42.27 Crore, which has been transferred to Revaluation Reserve during the year ended 31.3.1994.

35. a) Loans and Advances includes loans of Rs. 20.98 Crore (previous year Rs. 23.48 Crore) to JK Paper Employees' Welfare Trust, a shareholder of the Company, {includes Short Term Loan Rs. 2.00 Crore (Previous year Rs. 2.00 Crore), Long Term Loan of Rs. Nil (Previous year Rs. 2.00 Crore) and a concessional loan of Rs. 18.98 Crore (Previous year Rs. 19.48 Crore)} and loan to employees of Rs. 0.45 Crore (Previous year Rs. 0.65 Crore) in the ordinary course of business and as per service rules of the Company.

b) The Company entered in to an arrangement with JK Enviro-Tech Limited to process its Lime sludge and convert it to Lime on a cost plus basis to meet the pollution control norms under CREP. Loans and Advances include Rs. 15.06 Crore (Previous year Rs. 6.19 Crore) against future supplies.

36. a) Sales include export incentives of Rs. 3.91 Crore (Previous year Rs. 2.76 Crore).

b) Discount includes Trade Discount Rs 54.19 Crore (Previous year Rs. 53.46 Crore).

37. Employee Defined Benefits:

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

Rs. in Crore (10 million)

Sr. No	Nature of Transactions	2012-13		2011-12	
		Gratuity (Funded)	Long Term Compensated Absences (Non Funded)	Gratuity (Funded)	Long Term Compensated Absences (Non Funded)
I	Expenses recognized in the Statement of Profit & Loss				
1	Current Service Cost	2.33	1.01	2.33	0.97
2	Interest Cost	2.82	0.44	2.51	0.47
3	Expected return on plan assets	(2.83)	-	(2.43)	-
4	Actuarial (gains)/losses	0.78	(0.14)	(0.89)	(0.45)
5	Past Service Cost	-	-	-	-
6	Total expense	3.10	1.31	1.52	0.99
II	Net Assets/(Liability) recognized in the Balance Sheet				
1	Present Value of Defined Benefit Obligation	36.11	5.11	32.86	5.15
2	Fair Value of plan assets	33.30	-	32.91	-
3	Funded status [Surplus/(Deficit)]	(2.81)	(5.11)	0.05	(5.15)
4	Net Assets/(Liability) recognized	(2.81)	(5.11)	0.05	(5.15)
III	Change in obligation during the period				
1	Present Value of Defined Benefit Obligation at the beginning of the period	32.86	5.15	31.49	5.58
2	Current Service Cost	2.33	1.01	2.33	0.97
3	Interest Cost	2.82	0.44	2.51	0.47
4	Actuarial (gains)/losses	1.60	(0.14)	(0.77)	(0.46)
5	Past Service Cost	-	-	-	-
6	Benefits Paid	(3.50)	(1.35)	(2.70)	(1.41)
7	Present Value of Defined Benefit Obligation at the end of the period	36.11	5.11	32.86	5.15
IV	Change in Assets during the period				
1	Fair Value of plan assets at the beginning of the period	32.91	-	30.37	-
2	Expected return on plan assets	2.83	-	2.43	-
3	Contribution by employer	0.24	-	2.70	-
4	Actual benefits paid	(3.50)	-	(2.70)	-
5	Actuarial gains/(losses)	0.82	-	0.11	-
6	Fair value of plan assets at the end of the period	33.30	-	32.91	-
7	Actual return on plan assets	3.65	-	2.54	-
V	The major categories of plan assets as % of total plan				
	Mutual Funds	67%	-	68%	-
VI	Actuarial Assumptions:				
1	Discount Rate	8.25%	8.25%	8.58%	8.58%
2	Expected rate of return on plan assets	8.70%	-	8.60%	-
3	Mortality	Indian Assured Lives Mortality (2006-08) Ultimate		LIC (1994-96) duly modified	
4	Turnover rate	Age upto 30-3%, upto 44-2%, above 44-1%		Age upto 30-3%, upto 44-2%, above 44-1%	
5	Salary Escalation	5.50%		5.50%	

Particulars	Gratuity					Leave Encashment				
	2012-13	2011-12	2010-11	2009-10	2008-09	2012-13	2011-12	2010-11	2009-10	2008-09
Present Value of Defined Benefit Obligation	36.11	32.86	31.49	29.81	24.09	5.11	5.15	5.58	4.81	4.22
Fair Value of plan assets	33.30	32.91	30.37	27.11	17.71	-	-	-	-	-
Surplus/(Deficit)	(2.81)	0.05	(1.12)	(2.71)	(6.38)	(5.11)	(5.15)	(5.58)	(4.81)	(4.22)
Experience adjustments on Plan Liabilities (Gain)/Loss	0.26	0.59	0.40	4.96	2.24	(0.18)	(0.28)	0.72	0.12	(0.26)
Experience adjustments on Plan Assets (Gain)/Loss	(0.82)	(0.11)	0.42	(1.27)	0.69	-	-	-	-	-

- b) Defined Benefit Plans -
Gratuity Expense Rs. 3.10 Crore (Previous year Rs. 1.52 Crore) has been recognized in "Salaries, Wages, Bonus and Gratuity etc." under Note 25.
Amount recognized as an expense and included in Note 25 & Note 46 below, Item "Contribution to Provident and Other Funds" Rs. 5.88 Crore (Previous year Rs. 5.17 Crore).
- c) Defined Contribution Plans -
Amount recognized as an expense and included in Note 25 Item "Contribution to Provident and Other Funds" Rs. 2.14 Crore (Previous year Rs. 2.10 Crore) for Superannuation Fund.
- d) Other long-term benefits -
Amount recognized as an expense and included in Note 25 Item "Salaries, Wages, Bonus and Gratuity etc." Rs. 1.31 Crore (Previous year Rs. 0.99 Crore) for long term compensated Absences.
- e) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risk of assets management, historical results on plan assets and the policy for plan assets management.
- f) The estimates of future salary increase, considered in actuarial valuation, after taking account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
38. Interest Income includes Rs. 1.03 Crore (Previous year Rs 5.15 Crore) on Deposits with banks, Rs. 0.06 Crore (Previous year Rs. 0.39 Crore) on Income Tax refund and Rs. 7.72 Crore (Previous year Rs. 11.67 Crore) on others.
39. Capital Work in progress includes machinery, building under construction and the following expenses pending allocation/capitalization.

	Rs. in Crore (10 million)	
	31 st March, 2013	31 st March, 2012
Salaries & Wages	11.20	5.86
Contribution to PF & Other Funds	0.32	0.16
Staff Welfare & Other benefits	0.32	0.05
Power Consumed	3.17	0.71
Insurance	-	0.79
Travelling and Other Misc. Expenses	5.58	8.67
Interest on Loan & FCCB's	59.06	27.18
Foreign Exchange Fluctuation (Net)	12.62	14.92
Other Borrowing Cost (Commitment charges, Management Fees, Advisory Fees, Processing Fees etc.)	8.49	21.78
Income on Deployment of Funds - Fixed Deposit	(0.68)	(10.29)
- Mutual Funds	(0.11)	(0.07)
Add: Expenditure up to previous year	78.63	8.87
Total	178.60	78.63

40. a) Future minimum lease payments under non-cancelable operating leases as on 31st March, 2013 are Rs. 0.04 Crore - Rs. 0.04 Crore within one year and Rs. Nil later than one year but not later than five years (Previous year Rs. 0.10 Crore - Rs. 0.05 Crore within one year and Rs. 0.05 Crore later than one year but not later than five years).
- b) Future minimum lease payments under non-cancelable Finance leases as on 31st March, 2013 are Rs. 1.64 Crore - Rs. 0.47 Crore within one year and Rs. 1.17 Crore later than one year but not later than five years (Previous year Rs. Nil) and their present value as on 31st March, 2013 are Rs. 1.39 Crore - Rs. 0.35 Crore within one year and Rs. 1.04 Crore later than one year but not later than five year (Previous year Rs. Nil).
41. Based on information so far available in respect of MSME (as defined in 'The Micro Small & Medium Enterprises Developments Act, 2006) there is no delay in payment of dues to such enterprises during the year and there is no such dues payable at the end of the period.
42. Consumption of Stores, Spares is net of scrap sale of Rs. 5.29 Crore (Previous year Rs. 3.54 Crore).
43. a) In accordance with Announcement issued by the Institute of Chartered Accountants of India all outstanding derivatives except covered under AS 11 (revised 2003) are marked to market on Balance Sheet date and there is gain of Rs. 0.18 Crore - reversal of previously recognised MTM Losses (Previous year Loss of Rs. 0.42 Crore) which has been recognized in Statement of Profit and Loss.
- b) Forward contract outstanding for purpose of hedging as at Balance Sheet date:

Foreign Currency	31 st March, 2013		31 st March, 2012	
	FC in Million	Rs. in Crore	FC in Million	Rs. in Crore
US Dollar*	20.32	110.53	10.56	54.02

*net of receivables US \$ Nil - Rs. Nil (Previous year US \$ 3.39 Million - Rs. 17.36 Crore).

- c) Nominal amounts of Currency and Interest Rate Swaps for hedging entered into by the Company and outstanding at end of the year is Rs. 198.12 Crore (Previous year Rs. 227.02 Crore).
- d) Foreign currency exposure not hedged as at Balance Sheet date:

Sl. No.	Foreign Currency	31 st March, 2013		31 st March, 2012	
		FC in Million	Rs. in Crore	FC in Million	Rs. in Crore
(i)	US Dollar*	35.54	193.29	21.88	111.92
(ii)	Euro*	75.66	526.16	44.81	306.23
(iii)	GBP	(0.079)	(0.65)	-	-

*Net of Receivables USD 1.76 Million - Rs. 9.60 Crore (Previous year USD Nil - Rs. Nil) and Euro Nil - Rs. Nil (Previous year Euro 3,311.00 -Rs. 0.02 Crore).

44. Expenditure on Research and Development (R&D) activities during the year :

	Rs. in Crore (10 million)	
	2012-13	2011-12
i) Revenue Expenditure*:		
1. Employee Cost	1.51	0.20
2. Cost of Materials	0.63	0.39
3. Other Expenses	1.12	0.72
Sub total (i)	3.26	1.31
ii) Capital Expenditure	0.17	-
Total (i+ii)	3.43	1.31

* Included in respective revenue accounts.

45. Amount Paid to Auditors (including service tax):

	Rs. in Crore (10 million)	
	2012-13	2011-12
(i) Statutory Auditors :		
Audit Fee	0.12	0.10
Tax Audit Fee	0.02	0.02
Other Services	0.02	0.13
Reimbursement of expenses (Current year Rs. 13,223/-)	0.00	0.02
	0.16	0.27
(ii) Cost Auditors :		
Cost Audit Fee	0.01	0.01
Reimbursement of expenses (Current year Rs. 4,719/- & Previous year Rs. 12,102/-)	0.00	0.00
	0.01	0.01

46. Expenses included under other heads of account:

	Rs. in Crore (10 million)	
	2012-13	2011-12
Salaries, Wages and Allowances etc.	7.84	11.63
Contribution to Provident and Other Funds	0.31	0.46
Employees' Welfare and Other benefits	0.82	0.84
Consumption of Stores and Spares	0.13	0.10
Power, Fuel and Water (CY Rs. 18,540/- & PY 16,149/-)	0.00	0.00
Rent	0.13	0.12
Insurance	0.02	0.10
Rates and Taxes (CY Rs. 4,369/- & PY Rs. 33,067/-)	0.00	0.00
Royalty for Bamboo	1.06	1.58
Miscellaneous Expenses	5.49	5.33
	15.80	20.16

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

	Rs. in Crore (10 million)	
	31 st March, 2013	31 st March, 2012
i) Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	(131.03)	(132.45)
ii) Tax on Others	11.06	10.63
	<u>(119.97)</u>	<u>(121.82)</u>

- b) Based on the past performance and current plans, the Company expects to continue to generate taxable income which will enable it to utilise MAT credit entitlement.

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

a. List of Related Parties

- i. Subsidiaries (Wholly Owned)
 - Songadh Infrastructure & Housing Ltd.
 - Jaykaypur Infrastructure & Housing Ltd.
- ii. Joint Venture
 - Oji JK Packaging Pvt. Ltd.
- iii. Associate
 - JK Enviro-Tech Ltd.
- iv. Enterprise over which KMP's have significant influence
 - Habras International Limited
- v. Key Management Personnel (KMP)
 - Shri Hari Shankar Singhania* - Chairman
 - Shri Harsh Pati Singhania - Managing Director
 - Shri Om Prakash Goyal - Whole-time Director

* Deceased on 22nd February, 2013.

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

		Rs. in Crore (10 million)	
Sl. No.	Nature of Transactions	Subsidiaries	
		2012-13	2011-12
(i)	Reimbursement of Expenses - Paid	-	-
(ii)	Reimbursement of Expenses - Received	1.61	-
(iii)	Sale of Assets	0.04	-
(iv)	Rent Paid	9.18	4.59
(v)	Redemption of Debenture	-	-
(vi)	Interest received	1.38	3.81
(vii)	Loans given	5.00	-
(viii)	Loan installment received	42.30	0.20
(ix)	Outstanding at end of the period - Receivable	6.32	44.70

Rs. in Crore (10 million)

Sl. No.	Nature of Transactions	Joint Venture	
		2012-13	2011-12
(i)	Equity Contribution	2.40	-
(ii)	Reimbursement of Expenses - Received	0.01	-
(iii)	Outstanding at end of the period - Receivable	0.01	-

Sl. No.	Nature of Transactions	Associate	
		2012-13	2011-12
(i)	Reimbursement of Expenses - Received	2.01	4.54
(ii)	Purchase of Goods	36.44	25.19
(iii)	Reimbursement of Expenses - Paid	2.35	6.33
(iv)	Interest received	2.23	2.59
(v)	Sale of Goods	0.23	0.30
(vi)	Loans given	0.70	1.15
(vii)	Loan installment received	3.67	4.67
(viii)	Outstanding at end of the year - Receivable	35.12	29.22

Sl. No.	Nature of Transactions	Enterprise over which KMP's have significant influence	
		2012-13	2011-12
(i)	Sale of Goods	9.76	2.69
(ii)	Commission on Purchase/Sales	0.42	0.39
(iii)	Reimbursement of Expenses - Paid	-	0.01
(iv)	Outstanding at end of the period		
	- Receivable	0.26	-
	- Payable	-	0.11

Key Management Personnel (KMP) :

The remuneration paid to Chairman Rs. 2.69 Crore (Previous year Rs. 2.66 Crore), Managing Director Rs. 2.90 Crore (Previous year Rs. 2.66 Crore) and Whole Time Director Rs. 1.68 Crore (Previous year Rs. 1.43 Crore). The remuneration paid to the Managerial Personnel by way of minimum remuneration, in terms of the appointment, exceeds the limit prescribed under Section 309(3) of the Companies Act 1956, by Rs. 3.03 Crore, and is subject to requisite approvals from the Central Government of India. Remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

49. Earnings Per Share:

	Rs. in Crore (10 million)	
	31 st March, 2013	31 st March, 2012
a) Profit after tax	37.70	49.32
Less : Preference Dividend (including tax on Dividend- CY 8,716/-)	0.00	0.01
Profit for Basic/Diluted Earnings Per Share	37.70	49.31
b) Weighted average No. of Ordinary Shares		
- Basic	13,66,20,625	11,18,58,449
- Effect of Conversion Option	3,63,16,875	3,04,62,515
- Diluted	17,29,37,500	14,23,20,964
c) Nominal Value of Ordinary Share (Rs.)	10.00	10.00
d) Earnings per Ordinary Share (Rs.)		
- Basic	2.76	4.41
- Diluted	2.18	3.46

50. Other Particulars:

	Rs. in Crore (10 million)	
	2012-13	2011-12
a) Earnings in Foreign Exchange:		
i) Export of goods at FOB Value	75.05	43.61
b) CIF Value of Imports :		
i) Raw Materials	246.68	242.65
ii) Stores and Spares	22.62	18.92
iii) Capital Goods	583.68	282.10
iv) Others - Paper	68.78	54.54
	921.76	598.21
c) Expenditure in Foreign Currency on account of:		
i) Interest Expenses	4.30	4.90
ii) Consultancy	0.55	0.55
iii) Royalty	1.60	1.39
iv) Others	0.83	1.91
	7.28	8.75
d) Remittance in foreign currency during Current year on account of Final Dividend for the year 2011-12		
- Number of Non-resident Shareholders (No.)	1	1
- Number of Equity Shares held by them (No.)	25,00,000	25,00,000
- Amount of Dividend remitted	0.38	Nil

	2012-13		2011-12	
e) Raw Materials, Stores and Spares consumed:	Rs. in Crore (10 million)	% of Total	Rs. in Crore (10 million)	% of Total
i) Raw Materials				
- Imported	250.56	30.07	222.83	30.89
- Indigenous	582.56	69.93	498.57	69.11
	833.12	100.00	721.40	100.00
ii) Stores and Spares:				
- Imported	12.60	38.43	6.17	20.84
- Indigenous	20.20	61.57	23.43	79.16
	# 32.80	100.00	# 29.60	100.00

includes Rs. 5.29 Crore Scrap sale (Previous Year Rs. 3.54 Crore) and Rs. 0.13 Crore grouped under Note No. 46 in other heads of account (Previous Year Rs. 0.10 Crore).

51. During the year the Company has entered into Joint Venture for the purpose of manufacturing and sale of corrugated packaging products with Oji Holding Corporation, Japan and Marubeni Corporation, Japan. Accordingly "Oji JK Packaging Pvt. Ltd." has become a Joint Venture (JV) in India consisting 60% holding by Oji Holding Corporation, Japan, 20% holding by Marubeni Corporation, Japan and 20% holding by the Company. The Company has subscribed Rs. 2.40 Crore as it's share of Equity in JV. There has been no operation in the JV Company during the year except issue of share capital, hence the requirement of AS 27 does not arise.
52. Exceptional Items represents provision of earlier periods no longer required.
53. The proceeds of the Right issue and FCCB have been fully utilized for the expansion project.
54. Previous year's figures have been re-grouped/re-arranged wherever necessary.

As per our report of even date

FOR S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 21st May, 2013

S.C. GUPTA
Company Secretary

B.H. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SHAIENDRA SWARUP

For and on behalf of the Board

Chairman
Vice Chairman & Managing Director
Whole Time Director

SHAILESH HARIBHAKTI
UDAYAN BOSE
VINITA SINGHANIA

Directors

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2013

Rs. in Crore (10 Million)

	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extra-ordinary Items	37.34	52.12
Adjustments for :		
Depreciation	72.91	72.94
Income from Investments	(2.62)	(4.90)
(Profit)/Loss on Sale of Assets (Net)	(0.10)	(0.45)
Dividend Income	(0.30)	(0.94)
Finance Cost	49.90	51.25
Interest Income	(8.81)	(17.21)
Foreign Exchange Fluctuation	(0.04)	4.19
Premium on Forward Exchange Contracts	3.32	2.66
Assets Written off	0.01	0.43
Bad Debts	0.13	0.27
Provision for Doubtful Debts	1.20	1.36
Miscellaneous Expenditure Written off	0.13	0.05
Provision for earlier years no longer required	(0.94)	(0.08)
Operating Profit before Working Capital Changes	152.13	161.69
Adjustments for Working Capital Changes:		
Trade and Other Receivables	33.29	(135.60)
Inventories	(51.81)	(36.66)
Trade and Other Payables	3.72	23.98
Cash generated from Operations	137.33	13.41
Taxes paid	(13.61)	(8.23)
Net Cash from Operating Activities	123.72	5.18
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(863.58)	(628.16)
Sale of Fixed Assets	1.35	1.81
Sale/(Purchase) of Investments (Net)	60.53	14.72
Dividend Income	0.30	0.94
Interest Received	9.74	16.08
Net Cash from Investing Activities	(791.66)	(594.61)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2013

Rs. in Crore (10 Million)

	2012-13	2011-12
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Equity Share Capital	-	245.58
Redemption of Preference Share Capital including Premium	(5.49)	(5.52)
Share Issue Expenses	-	(2.80)
Proceeds of Long-term Borrowings	774.42	640.94
Repayment of Long-term Borrowings	(129.06)	(112.57)
Proceeds/(Repayment) from Short-term Borrowings (Net)	(7.48)	(8.11)
Interest and Financial Charges	(54.50)	(51.27)
Dividend (including Dividend Tax)	(23.84)	(0.03)
Net cash from Financing Activities	554.05	706.22
D. Increase/(Decrease) in Cash and Cash Equivalents		
- Cash & Bank Balance	(113.89)	116.79
E. Cash and Cash Equivalents as at the beginning of the year		
- Cash & Bank Balances (Note No. 18)	147.69	30.90
F. Cash and Cash Equivalents as at the close of the year		
- Cash & Bank Balances (Note No. 18)	33.80	147.69

Notes :

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

As per our report of even date

FOR S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 21st May, 2013

S.C. GUPTA
Company Secretary

B.H. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SHAIENDRA SWARUP

For and on behalf of the Board

Chairman
Vice Chairman & Managing Director
Whole Time Director

SHAILESH HARIBHAKTI
UDAYAN BOSE
VINITA SINGHANIA

Directors

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Rs. in Crore (10 Million)

Sl.No.	Name of the Subsidiary Company	Financial Year of the Subsidiary ended on	Holding Company's Interest in Equity Capital	Net Aggregate of Profit or Losses of the Subsidiary Companies as far as it concern the members of the Holding Company @	
				Not Dealt with in the Holding Company's Account	
				for the Financial Year/Period of the Subsidiary	for the Previous Financial Year/Period since it became the Subsidiary
1	Jaykaypur Infrastructure & Housing Limited	31 st March, 2013	100%	0.30	(1.18)
2	Songadh Infrastructure & Housing Limited	31 st March, 2013	100%	0.15	(0.07)

@ Profit & Loss of none of the subsidiary companies has been dealt with in the Holding Company's account.

For and on behalf of the Board

B.H. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

*Chairman
Vice Chairman & Managing Director
Whole Time Director*

New Delhi,
the 21st May, 2013

S.C. GUPTA
Company Secretary

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SHAILENDRA SWARUP

SHAILESH HARIBHAKTI
UDAYAN BOSE
VINITA SINGHANIA

Directors

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

Rs. in Crore (10 Million)

Sl.No.	Particulars	Jaykaypur Infrastructure & Housing Ltd.	Songadh Infrastructure & Housing Ltd.
1	Share Capital	4.95	4.95
2	Reserve & Surplus/(Accumulated Losses)	(1.26)	0.04
3	Total Assets	38.90	15.14
4	Total Liabilities	38.90	15.14
5	Details of Investments (Other than investment in Subsidiary Companies)	-	-
6	Total Turnover	7.02	2.18
7	Profit/(Loss) before tax	0.54	0.23
8	Income Tax	0.24	0.08
9	Profit/(Loss) after tax	0.30	0.15
10	Proposed Dividend	-	-

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

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS, JK PAPER LIMITED

We have audited the accompanying Consolidated Financial Statements of JK Paper Limited ("the Company"), its Subsidiaries and its interest in Associate, which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and Notes to Consolidated Financial Statements comprising of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated Cash Flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Consolidated 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 Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India.

Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and presentation of the Consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and its interest in associate as noted below, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of subsidiaries namely - Songadh Infrastructure & Housing Limited and Jaykaypur Infrastructure & Housing Limited, whose financial statements reflect total assets (net) of Rs. 54.04 Crores as at March 31, 2013, total revenues of Rs. 9.20 Crore and net cash outflows amounting to Rs. 37789/- for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of other auditors.

We did not audit the financial statements of associate, namely, JK Enviro-Tech Limited whose financial statements reflect total assets of Rs. 64.00 Crore as at 31st March, 2013, total revenue of Rs. 36.95 Crore and net cash inflows amounting to Rs. 0.16 Crore for the year then ended.

The Financial statements of Joint Venture namely Oji JK Packaging Pvt. Ltd. has not been considered for consolidation as stated in Note no. 28(d) of the accompanying consolidated financial statements.

Our opinion is not qualified in respect of this matter.

For **S.S. KOTHARI MEHTA & CO.**

Chartered Accountants

Firm Reg. No. 000756N

K.S. MEHTA

Partner

Membership No. 008883

Place: New Delhi

Date: 21st May, 2013

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2013

Rs. in Crore (10 Million)

	Note	31 st March, 2013	31 st March, 2012
EQUITY AND LIABILITIES :			
Shareholders' Funds			
Share Capital	1	136.62	136.65
Reserves & Surplus	2	738.71	714.36
		875.33	851.01
Non Current Liabilities			
Long Term Borrowings	3	1,514.04	845.56
Deferred Tax Liabilities (Net)		119.97	121.82
Other Long Term Liabilities	4	27.91	24.13
Long Term Provisions	5	3.27	2.79
		1,665.19	994.30
Current Liabilities			
Short Term Borrowings	6	123.14	130.63
Trade Payables		137.23	142.98
Other Current Liabilities	7	289.49	238.11
Short Term Provisions	8	12.64	26.13
		562.50	537.85
TOTAL		3,103.02	2,383.16
ASSETS :			
Non Current Assets			
Fixed Assets			
Tangible Assets	9	823.67	857.72
Intangible Assets	10	0.15	0.38
Capital work- in- progress		1,539.41	583.74
Intangible assets under development		1.57	-
		2,364.80	1,441.84
Non Current Investment	11	6.22	3.98
Long Term Loans and Advances	12	127.02	229.02
Other Non Current Assets	13	45.36	47.75
		2,543.40	1,722.59
Current Assets			
Current Investments	14	-	60.31
Inventories	15	216.00	164.19
Trade Receivables	16	119.38	144.16
Cash and Bank Balances	17	33.92	147.82
Short Term Loans and Advances	18	178.94	135.41
Other Current Assets	19	11.38	8.68
		559.62	660.57
TOTAL		3,103.02	2,383.16

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

As per our report of even date

For and on behalf of the Board

FOR S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

B.H. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

Chairman
Vice Chairman & Managing Director
Whole Time Director

K.S. MEHTA
Partner
Membership No. 008883

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SHAIENDRA SWARUP

SHAILESH HARIBHAKTI
UDAYAN BOSE
VINITA SINGHANIA

Directors

New Delhi,
the 21st May, 2013

S.C. GUPTA
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2013

		Rs. in Crore (10 Million)	
	Note	2012-13	2011-12
REVENUE :			
Sales		1,721.38	1,557.10
Less : Discounts		184.70	161.79
		1,536.68	1,395.31
Less : Excise Duty		83.49	67.05
Net Sales		1,453.19	1,328.26
Other Operating Revenue	20	5.92	1.80
Revenue from Operation		1,459.11	1,330.06
Other Income	21	10.49	19.69
Total Revenue [I]		1,469.60	1,349.75
EXPENSES :			
Cost of Materials Consumed	22	833.12	721.40
Purchases of Stock-in-Trade		84.07	72.20
Changes in Inventories of Finished Goods & WIP	23	(12.12)	(16.13)
Employee Benefits Expense	24	141.83	126.20
Other Expenses	25	272.79	269.92
Total [II]		1,319.69	1,173.59
Profit before Interest, Depreciation & Tax (PBITD) [I - II]		149.91	176.16
Finance Costs	26	53.76	51.47
Depreciation and Amortization Expenses	27	73.77	73.74
Profit before Exceptional Items and Tax		22.38	50.95
Exceptional Items	37	15.74	-
Profit before Tax		38.12	50.95
Tax Expense :			
Current Tax (MAT)		8.19	10.68
Less : MAT Credit Entitlement		6.37	1.22
Net Current Tax		1.82	9.46
Deferred Tax Credit		(1.85)	(6.58)
Profit After Tax		38.15	48.07
Share in Profit of Associate		(0.16)	0.45
Net Profit After Taxes and Share of Profit of Associate		37.99	48.52
Earning per Equity Share (Rs.)			
Basic		2.78	4.34
Diluted		2.20	3.41

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

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

For and on behalf of the Board

FOR S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 21st May, 2013

S.C. GUPTA
Company Secretary

B.H. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SHAILENDRA SWARUP

SHAILESH HARIBHAKTI
UDAYAN BOSE
VINITA SINGHANIA

Chairman
Vice Chairman & Managing Director
Whole Time Director

Directors

Rs. in Crore (10 Million)

31st March, 2013 31st March, 2012

Note I

Share Capital

Authorised :

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

Issued, Subscribed and Paid-up :

Equity Shares - 13,66,20,625 (Previous year 13,66,20,625)	136.62	136.62
of Rs.10 each fully paid up		
10% Cumulative Redeemable Preference Shares - Nil		
(Previous Year 3,000) of Rs. 100 each fully paid-up	-	0.03
	<u>136.62</u>	<u>136.65</u>

Notes :

(a) (i) Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	13,66,20,625	7,81,49,939
Add : Shares issued during the year	-	5,84,70,686
Less : Shares bought back during the year	-	-
Shares outstanding at the end of the year	<u>13,66,20,625</u>	<u>13,66,20,625</u>
(ii) Reconciliation of Preference Share Capital (In numbers)		
Shares outstanding at the beginning of the year	3,000	9,000
Add : Shares issued during the year	-	-
Less : Shares redeemed during the year	3,000	6,000
Shares outstanding at the end of the year	<u>-</u>	<u>3,000</u>

(b) (i) Equity Shares:

The equity shareholders have:-

- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing general meeting.
- The Company has only one class of Equity Shares having face value of Rs. 10/- each and each shareholder is entitled to one vote per share.
- In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their individual shareholding in the paid up equity capital of the Company.

(ii) Preference Shares:-

The cumulative redeemable preference shareholders had:-

- The right to receive a fixed cumulative preferential dividend at specified rate on the paid up capital.
- The right to receive arrears of cumulative dividend, if any, whether earned or declared or not, at time of redemption of the said shares, and,
- The right in a winding up to have the capital paid up on such shares and the arrears, if any, of the said preferential dividend, whether earned or declared or not, be paid off in priority to any payment of capital on equity shares. However, it shall not confer the right to any further participation in the profits or assets of the Company.
- The right to vote, in respect of such capital, in proportion as paid up preference share capital bears to the total paid up equity capital only on resolutions directly affecting their rights and on every resolution on non-payment of dividend for an aggregate period of not less than two years.

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

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

	31st March, 2013	31st March, 2012
Bengal & Assam Company Limited	2,83,01,332	2,83,01,332
Fenner (India) Limited	2,54,57,500	2,54,57,500
JK Paper Employees Welfare Trust	1,35,85,362	1,37,25,362
JK Agri Genetics Limited	1,16,81,684	1,16,81,684
International Finance Corporation	76,90,000	76,90,000

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

JK Paper Employees Welfare Trust	-	1,832
Bengal & Assam Company Limited	-	444
IFCI Limited	-	278
Life Insurance Corporation of India	-	222
State Bank of India	-	160

Note 2	Rs. in Crore (10 Million)			
	As at 1 st April, 2012	Additions	Transfers	As at 31 st March, 2013
RESERVES AND SURPLUS				
Capital Reserve	29.92	-	-	29.92
Capital Redemption Reserve	2.97	0.03	-	3.00
Securities Premium Reserve	360.54	-	5.46 (a)	355.08
Debenture Redemption Reserve	0.66	0.82	-	1.48
Revaluation Reserve	3.59	-	0.19 (b)	3.40
General Reserve	45.57	-	- (c)	45.57
Surplus in Statement of Profit & Loss (d)	271.11	29.15	-	300.26
	714.36	30.00	5.65	738.71
Previous Year	511.01	211.80	8.45	714.36

Notes :

- (a) (i) Adjusted Premium on Redemption of Preference Shares Rs. 5.46 Crore (Previous year Rs. 5.46 Crore).
(ii) Share issue expenses on account of Rights Issue Rs. Nil (Previous year Rs. 2.80 Crore).
- (b) Rs. 0.19 Crore to Statement of Profit and Loss towards Additional Depreciation arising out of revaluation of Fixed Assets (Previous year Rs. 0.19 Crore).
- (c) Transfer from Surplus in Statement of Profit & Loss Account - Current year Rs. Nil (Previous year Rs. 2.50 Crore).
- (d) Details of surplus in Profit and Loss Statement from Previous year:

	As at 31 st March, 2013	As at 31 st March, 2012
Surplus in Profit and Loss Statement from Previous year	271.11	249.64
Net Profit for the Current year	37.99	48.52
Debenture Redemption Reserve	(0.82)	(0.66)
Transfer to Capital Redemption Reserve	(0.03)	(0.06)
Transfer to General Reserve	-	(2.50)
Dividend (e)	(6.83)	(20.50)
Corporate Dividend Tax	(1.16)	(3.33)
Surplus in Profit and Loss Statement carried to Balance Sheet	300.26	271.11

- (e) Dividend proposed @ Rs. 0.50 per Equity Share and @ Rs. 2.50 per Preference Share.
- (f) During the previous year 5,84,70,686 Equity Shares were issued at a premium of Rs. 32/- per share.

Note 3

Rs. in Crore (10 Million)
31st March, 2013 31st March, 2012

LONG TERM BORROWINGS**SECURED**

Term Loans

- From Banks	1,312.53	627.33
- From Financial Institutions	87.04	73.63

UNSECURED

Foreign Currency Term Loans from Bank	1.29	2.43
Foreign Currency Convertible Bonds (FCCB's)	243.40	239.19
Public Deposits	15.33	20.34
Finance Lease obligation	1.51	-
	1,661.10	962.92
Less: Current maturities of Long Term Borrowings		
Term Loans from Banks (Secured)	118.11	78.01
Term Loan from Financial Institutions (Secured)	20.79	27.56
Foreign Currency Term Loans from Banks (Unsecured)	1.29	1.22
Public Deposits (Unsecured)	6.52	10.57
Finance Lease obligation	0.35	-
	147.06	117.36
Total	1,514.04	845.56

Notes :

- A Term Loans of Rs 288.85 Crore (Fls – Rs 87.04 Crore and Banks Rs 201.81 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets of the Company. Out of the above Term Loan Rs. 59.19 Crore (Fls - Rs. 46.59 Crore and Banks Rs. 12.60 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 aggregating to Rs. 14.97 Crore are repayable in 2 equal annual instalments from June-2013 to June-2014,
 - 2 Term Loan of Rs. 26.65 Crore is repayable in 7 half-yearly instalments from June-2013 to June-2016,
 - 3 Term Loans aggregating to Rs. 78.93 Crore are repayable in total 20 equal half-yearly instalments from June-2013 to June-2018,
 - 4 Term Loans aggregating to Rs. 117.50 Crore are repayable in total 35 equal quarterly instalments from June-2013 to March-2018,
 - 5 Term Loan of Rs. 12.60 Crore is repayable in 14 equal monthly instalments from April-2013 to May-2014,
 - 6 Term Loan of Rs. 38.20 Crore is repayable in 108 equal monthly instalments from April-2013 to March-2022.
- B Terms Loans of Rs 988.22 Crore (Fls – Rs Nil, Banks Rs 988.22 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 Rs. 425.00 Crore are repayable in total 25 equal quarterly instalments from September-2014 to December-2020,
 - 2 Term Loans aggregating to Rs. 563.22 Crore are repayable in total 83 equal half-yearly instalments from May-2013 to June-2023.
- C Terms Loans of Rs 122.50 Crore (Fls – Rs Nil, Banks Rs 122.50 Crore) is secured by means of first pari passu mortgage/charge to be created on the fixed assets, both present and future, of Unit CPM of the company. These Term Loans are repayable in 12 equal quarterly instalments from October-2013 to March-2017.
- D Certain charges in the process of satisfaction. Secured Terms Loans from Financial Institutions and Banks include Rs. 637.55 Crore foreign currency loans.
- E Un-secured Term Loan from Bank of Rs. 1.29 Crore is repayable in 2 equal half yearly instalments from Apr-2013 to Oct-2013.
- F Finance Lease of Rs. 1.51 Crore is repayable in 14 equal quarterly instalments from June-2013 to September-2016.
- G FCCB's of EURO 35 Million @ 6.455% issued on 30th May, 2011 are convertible into equity shares of the company at an initial conversion price of Rs. 65 per share, subject to price adjustment as per agreement, after 3 years and 6 months from the date of issue. If not converted then the FCCBs will be redeemed at par between 15th May 2016 to 15th May 2018 in 5 half yearly instalments.
- H Public deposits are due for repayment in 2013-14, 2014-15 & 2015-16.

Rs. in Crore (10 Million)
31st March, 2013 31st March, 2012

Note 4

OTHER LONG TERM LIABILITIES

Trade Deposits	27.08	22.73
Interest accrued but not due on Public Deposits	0.83	1.40
	<u>27.91</u>	<u>24.13</u>

Note 5

LONG TERM PROVISIONS

Provision for Employee Benefits	3.27	2.79
	<u>3.27</u>	<u>2.79</u>

Note 6

SHORT TERM BORROWINGS

SECURED

Working Capital Borrowings from Bank	64.40	106.35
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UNSECURED

Acceptance SIDBI	15.78	-
Buyer's Credit facilities from Bank	41.82	23.37
Public Deposits	1.14	0.91
	<u>123.14</u>	<u>130.63</u>

Notes :

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

Note 7

OTHER CURRENT LIABILITIES

Current maturities of Long Term Borrowings	147.06	117.36
Interest accrued but not due on Borrowings	11.47	12.01
Unclaimed Dividends #	0.21	0.24
Unclaimed Matured Deposits #	0.72	0.70
Unclaimed interest on Unclaimed Matured Deposits #	0.08	0.08
Advance from Customers	4.51	4.70
Statutory Dues	11.12	10.80
Capital Creditors	78.74	57.47
Other Payables	35.58	34.75
	<u>289.49</u>	<u>238.11</u>

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

Note 8

SHORT TERM PROVISIONS

Provision for Employee Benefits	4.65	2.31
Proposed Dividend	6.83	20.50
Tax on Proposed Dividend	1.16	3.32
	<u>12.64</u>	<u>26.13</u>

Note 9**TANGIBLE ASSETS**

Rs. in Crore (10 Million)

Description	GROSS BLOCK (b)			DEPRECIATION				NET BLOCK	
	As at 1 st April, 2012	Additions/ Adjustments	Sales/ Adjustments	As at 31 st March, 2013	Upto 31 st March, 2012	For the year	On Sales/ Adjustments	As at 31 st March, 2013	As at 31 st March, 2012
Land - Freehold (a)	11.88	-	*0.00	11.88	-	-	-	11.88	11.88
- Leasehold	12.18	-	-	12.18	0.54	0.17	-	11.47	11.64
Building	155.96	4.82	-	160.78	39.61	3.98	-	117.19	116.35
Plant & Equipment (c)	1,310.49	29.17	0.01	1,339.65	614.67	66.26	40.00	658.72	695.82
Furniture and Fixture	5.06	0.79	0.10	5.75	2.30	0.38	0.04	3.11	2.76
Office Equipment	12.17	3.96	0.11	16.02	6.51	1.27	0.04	8.28	5.66
Vehicles & Locomotive	16.24	2.22	1.82	16.64	4.81	1.45	0.68	11.06	11.43
Railway Siding	4.64	-	-	4.64	2.46	0.22	-	1.96	2.18
Total	1,528.62	40.96	2.04	1,567.54	670.90	73.73	0.76	823.67	857.72
Previous year	1,495.72	38.20	5.30	1,528.62	601.06	73.33	3.49	857.72	

*Rs. 13,711/- ▲ Rs. 18,255/-

Notes:

- Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees and cost of 34.72 acres land for which title is yet to be transferred in name of the Company.
- Gross Block includes amount of revaluation (Note no. 34).
- During the year addition to the Plant & Equipment due to Foreign Exchange Fluctuation (Net) is Rs. 0.10 Crore (Previous year Rs. 0.70 Crore).

Note 10**INTANGIBLE ASSETS**

Rs. in Crore (10 Million)

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 1 st April, 2012	Additions/ Adjustments	Sales/ Adjustments	As at 31 st March, 2013	Upto 31 st March, 2012	For the year	On Sales/ Adjustments	As at 31 st March, 2013	As at 31 st March, 2012
Computer Software	7.51	-	-	7.51	7.13	0.23	-	0.15	0.38
Total	7.51	-	-	7.51	7.13	0.23	-	0.15	0.38
Previous year	12.38	-	4.87	7.51	11.40	0.60	4.87	0.38	

		Rs. in Crore (10 Million)			
Note 11	Face Value Rs./Share	31 st March, 2013		31 st March, 2012	
		Nos.	Book Value	Nos.	Book Value
NON CURRENT INVESTMENTS					
Long Term Investments (At cost, other than trade)					
- Quoted Equity Shares (fully paid up)					
JK Lakshmi Cement Ltd.	5/-	2,16,000	0.52	2,16,000	0.52
Udaipur Cement Works Ltd.	10/-	50,00,000	5.00	50,00,000	5.00
Bengal & Assam Company Ltd.	10/-	4,677	0.06	4,677	0.06
- Unquoted Equity Shares (fully paid up)					
JK Enviro-Tech Ltd. (Associate) #	10/-	17,00,000	2.77	17,00,000	2.93
JK Paper Mills Employees' Co-operative Stores Ltd.	10/-	250	◆0.00	250	◆0.00
Oji JK Packaging Pvt. Ltd. (Joint Venture)	10/-	24,00,000	2.40	-	-
Investment in Government Securities (Deposited with Govt. Departments)			▲0.00		▲0.00
			10.75		8.51
Less : Provision for diminution in value of Investments			4.53		4.53
			6.22		3.98
Aggregate book value of quoted investments			1.05		1.05
Aggregate book value of unquoted investments			5.17		2.93
Aggregate market value of quoted investments			2.70		1.98

Equity Shares pledged with IDFC Limited for a Loan availed by JK Enviro-Tech Limited.

◆ Rs. 2,500/- ▲ Rs. 3,000/-

Rs. in Crore (10 Million)		
31 st March, 2013		31 st March, 2012
Note 12		
LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Capital Advances	74.70	174.83
Deposits with Government Authorities and Others	11.90	10.93
Loans and advances to related parties:		
JK Enviro-Tech Limited (Associate)	12.15	19.36
Other Loans & Advances:		
MAT Credit Entitlement	28.27	21.90
Others	-	2.00
	127.02	229.02

Note 13

OTHER NON CURRENT ASSETS

Others

Un-amortised Upfront Fee, Syndication Fee etc.	-	0.13
Un-amortised ECA Premium on Loan	27.95	31.44
Derivative Financial Instruments	17.41	16.18
	45.36	47.75

Note 14	Rs. in Crore (10 Million)			
	31 st March, 2013		31 st March, 2012	
	Nos.	Book Value	Nos.	Book Value
CURRENT INVESTMENTS				
Investments in Mutual Funds (Lower of Cost and quoted /fair value)				
Baroda Pioneer Treasury Advantage - Institutional Growth Plan	-	-	2,07,644	25.00
BSL Floating Rate Fund - Long Term - Institutional - Growth Plan	-	-	16,19,703	20.31
IDFC Ultra Short Term Fund Growth Plan	-	-	67,48,003	10.00
Taurus Fixed Maturity Plan 91 Days Series N - Growth Plan	-	-	50,00,000	5.00
		-		60.31
Aggregate book value of quoted investments		-		60.31
Aggregate book value of unquoted investments		-		-
Aggregate market value of quoted investments		-		60.81

Note 15

INVENTORIES

(As certified by the Management)

Raw Materials #	117.24	83.91
Work-in-Progress @	16.81	14.51
Finished Goods	22.12	14.13
Stock in Trade	14.71	12.38
Stores & Spares #	45.12	39.26
	216.00	164.19

Includes Raw Materials in transit Rs. Nil (Previous year Rs. 0.69 Crore) and Stores & Spares in transit Rs. 0.20 Crore (Previous year Rs. 0.26 Crore).

@ Includes Pulp in process Rs. 1.19 Crore (Previous year Rs. 2.87 Crore) and Semi Finished Goods Rs. 15.62 Crore (Previous year Rs. 11.64 Crore).

Note 16

TRADE RECEIVABLES

UNSECURED

Exceeding six months (from due date)		
Considered Good	12.78	18.39
Considered Doubtful	13.09	11.89
Others		
Considered Good	106.60	125.77
	132.47	156.05
Less: Provision for Doubtful Debts	13.09	11.89
	119.38	144.16

Rs. in Crore (10 Million)

31st March, 2013 31st March, 2012

Note 17

CASH & BANK BALANCES

Cash & Cash Equivalents

Balance with Banks :

Current Accounts	28.12	8.14
Savings Bank Accounts (Employees Security Deposit)	-	0.01
Bank Deposits with original maturity of 3 months or less	-	135.00
Cheques/Drafts on hand	-	0.11
Cash on Hand	0.26	0.28

Other Bank Balances

Bank Deposits with original maturity of 12 months or more #	3.34	2.25
Unclaimed Dividend Accounts	0.21	0.24
Margin Money Deposits	1.99	1.79
	<u>33.92</u>	<u>147.82</u>

Includes Rs. 1.34 Crore pledged with Government Authorities

Note 18

SHORT TERM LOAN AND ADVANCES

(Unsecured, Considered Good)

Loans and advances to related parties

JK Enviro-Tech Limited (Associate)	22.97	9.86
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Others

Advances recoverable in cash or in kind or for value to be received	40.58	39.16
Interest accrued but not due	0.83	2.10
Advances to Employees	1.41	2.34
Advances to Suppliers	32.55	47.74
CENVAT Recoverable	69.54	28.13
Advance Income Tax/ Tax deducted at source (Net of Provision)	6.78	0.59
Other Deposits	4.28	5.49

Doubtful

Doubtful advances / loans	0.49	0.49
Less : Provision for doubtful advances / loans	0.49	0.49
	<u>178.94</u>	<u>135.41</u>

Note 19

OTHER CURRENT ASSETS

Others

Un-amortised ECA Premium	3.49	3.49
Derivative Financial Instruments	6.33	4.95
Deferred Premium on Forwards	1.56	0.24
	<u>11.38</u>	<u>8.68</u>

	Rs. in Crore (10 Million)	
	2012-13	2011-12
Note 20		
OTHER OPERATING REVENUE		
Insurance charges recovered	1.28	1.09
Provisions of earlier years no longer required	0.94	0.08
Miscellaneous Income	3.70	0.63
	<u>5.92</u>	<u>1.80</u>
Note 21		
OTHER INCOME		
Interest Income	7.44	13.41
Dividend Income	0.30	0.94
Profit on sale of Fixed Assets	0.09	0.44
Net Gain on sale of Current Investments	2.62	4.90
Non-operating Income		
- Foreign Exchange Fluctuation	0.04	-
	<u>10.49</u>	<u>19.69</u>
Note 22		
COST OF MATERIALS CONSUMED		
Bamboo	32.22	36.44
Hardwood	256.17	185.60
Pulp	243.90	213.37
Chemicals	247.14	234.63
Packing Material	53.69	51.36
	<u>833.12</u>	<u>721.40</u>
Note 23		
CHANGES IN FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE		
OPENING STOCK		
Finished Goods	14.13	7.50
Stock-in-Trade	12.38	8.02
Stock-in-Process	14.51	8.91
	<u>41.02</u>	<u>24.43</u>
CLOSING STOCK		
Finished Goods	22.12	14.13
Stock-in-Trade	14.71	12.38
Stock-in-Process	16.81	14.51
	<u>53.64</u>	<u>41.02</u>
Add : Excise Duty on Variation of Stock	0.50	0.46
(Increase) / Decrease in Stock	<u>(12.12)</u>	<u>(16.13)</u>
Note 24		
EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages, Allowances, etc.	112.83	101.71
Contribution to Provident and Other Funds	10.82	8.34
Staff Welfare Expenses	18.18	16.15
	<u>141.83</u>	<u>126.20</u>

	Rs. in Crore (10 Million)	
	2012-13	2011-12
Note 25		
OTHER EXPENSES		
Consumption of Stores and Spares	27.38	25.96
Power, Fuel and Water	184.97	186.62
Repairs to Building	5.05	5.28
Repairs to Machinery	6.96	5.88
Rent (Net)	1.47	1.29
Insurance Premium	1.49	1.31
Rates and Taxes	0.46	0.41
Commission on sales	1.89	2.81
Directors' fees	0.06	0.05
Directors' Commission	0.42	0.41
Premium on Forward Exchange Contracts	3.32	2.65
Foreign Exchange Fluctuation	-	4.19
Asset Written off	0.01	0.43
Deferred Revenue Expenditure Written off	0.13	0.05
Bad Debts	0.13	0.27
Provision for Doubtful Debts	1.20	1.36
Travelling and Other Misc. Expenses	37.85	30.95
	<u>272.79</u>	<u>269.92</u>
Note 26		
FINANCE COSTS		
Interest on :		
Term Loan and Public Deposits	37.62	35.09
Others	12.58	12.54
Other Borrowing Costs:		
Financial Charges	0.45	1.51
Premium on Forward Exchange Contracts	2.04	0.48
Lease rent on Machinery	0.24	0.06
Net Loss on foreign currency transactions and translation	0.83	1.79
	<u>53.76</u>	<u>51.47</u>
Note 27		
DEPRECIATION & AMORTISATION EXPENSE		
Depreciation on Tangible Assets	73.73	73.33
Transfer from Revaluation Reserve	(0.19)	(0.19)
Amortisation of Intangible Assets	0.23	0.60
	<u>73.77</u>	<u>73.74</u>

28 Principles of Consolidation:

- a) The Consolidated Financial Statements comprise of the financial statements of JK Paper Limited (Parent Company) and the following as on 31st March, 2013;

i) Subsidiaries:

Name	Proportion of ownership interest	Financial Statements as on	Status
Jaykaypur Infrastructure & Housing Limited, India	100%	31 st March, 2013	Audited
Songadh Infrastructure & Housing Limited, India	100%	31 st March, 2013	Audited

ii) Associate:

Name	Proportion of ownership interest	Financial Statements as on	Status
JK Enviro-Tech Limited, India	34.34%	31 st March, 2013	Audited

- b) The Financial Statements of the Parent Company and its Subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions.
- c) In case of Associate, where Company holds directly or indirectly 20% or more equity or/ and exercises significant influence, Investments are accounted for by using Equity Method in accordance with Accounting Standard (AS-23) - "Accounting for Investments in Associate in Consolidated Financial Statements".
- d) During the year the Company has entered into Joint Venture for the purpose of manufacturing and sale of corrugated packaging products with Oji Holding Corporation, Japan and Marubeni Corporation, Japan. Accordingly "Oji JK Packaging Pvt. Ltd." has become a Joint Venture (JV) in India consisting 60% holding by Oji Holding Corporation, Japan, 20% holding by Marubeni Corporation, Japan and 20% holding by the Company. There has been no operation in the JV Company during the year except issue of share capital, hence the same has not been considered for consolidation in these accounts.
- e) The Accounting Policies of the Parent Company, its Subsidiaries and Associate are largely similar, hence not be re-produced.
- f) Significant Accounting Policies and Notes on Accounts of the Financial Statements of the Company and its Subsidiaries are stated in their respective Financial Statements.
- 29 Estimated amount of (i) contracts remaining to be executed on capital account (Net of Advances) Rs. 63.96 Crore (Previous year Rs. 668.29 Crore) and (ii) Investment Rs. 12.60 Crore (Previous year Rs. Nil). Export commitments against import of capital goods under EPCG scheme Rs. 809.82 Crore (Previous year Rs. 364.81 Crore).
- 30 Contingent liabilities in respect of claims not acknowledged and not provided for, are as follows:

	Rs. in Crore (10 million)	
	31 st March, 2013	31 st March, 2012
a) Excise duty liability in respect of matters in appeal	12.63	9.83
b) Sales tax liability in respect of matters in appeals	2.82	3.69
c) Other Matters	10.82	27.78

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

31 Segment Reporting

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

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

Rs. in Crore (10 million)

S. No.	Particulars	For the year ended 31 st March 2013			For the year ended 31 st March 2012		
		Paper & Board	Others	Total	Paper & Board	Others	Total
A	Segment Revenue						
	Net Sales	1,459.11	9.18	1,468.29	1,330.06	4.59	1,334.65
	Less : Inter- segment Revenue	-	9.18	9.18	-	4.59	4.59
	Net Sales / Income from Operations	1,459.11	-	1,459.11	1,330.06	-	1,330.06
B	Segment Results						
	Segment Results (PBIT)	84.54	(3.15)	81.39	84.46	(1.73)	82.73
	Less : (i) Interest & Financial Charges (Net)	49.90	3.86	53.76	51.25	0.22	51.47
	(ii) Other Un-allocable Exp net off Un-allocable Income	(10.51)	0.02	(10.49)	(19.69)	-	(19.69)
	Total Profit / (Loss) before Tax (PBT)	45.15	(7.03)	38.12	52.90	(1.95)	50.95
C	Capital Employed						
	(Segment Assets - Segment Liabilities)	1,077.10	46.61	1,123.71	1,089.50	6.21	1,095.71

- 32 Land, Roads, Buildings and Pulp Mill Plant & Machinery of Unit - Central Pulp Mills were revalued as on 30.09.1976. The revaluation in respect of these assets (other than Land and Roads) were updated and Plant & Machinery of Paper Machine I & II and Railway Sidings were revalued as on 31.3.1994 based on current replacement cost by the approved valuers appointed for the purpose. As a result, the book value of such assets has been increased by Rs. 42.27 Crore, which has been transferred to Revaluation Reserve during the year ended 31.3.1994.
- 33 a) Loans and Advances includes loans of Rs. 20.98 Crore (previous year Rs. 23.48 Crore) to JK Paper Employees' Welfare Trust, a shareholder of the Company, {includes Short Term Loan Rs. 2.00 Crore (Previous year Rs. 2.00 Crore), Long Term Loan of Rs. Nil (Previous year Rs. 2.00 Crore) and a concessional loan of Rs. 18.98 Crore (Previous year Rs. 19.48 Crore)} and loan to employees of Rs. 0.45 Crore (Previous year Rs. 0.65 Crore) in the ordinary course of business and as per service rules of the Company.
- b) The Company entered in to an arrangement with JK Enviro-Tech Limited to process its Lime sludge and convert it to Lime on a cost plus basis to meet the pollution control norms under CREP. Loans and Advances include Rs. 15.06 Crore (Previous year Rs. 6.19 Crore) against future supplies.

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

	Rs. in Crore (10 million)	
	31 st March, 2013	31 st March, 2012
i) Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	(131.03)	(132.45)
ii) Tax on Others	11.06	10.63
	<u>(119.97)</u>	<u>(121.82)</u>

- b) Based on the past performance and current plans, the Company expects to continue to generate taxable income which will enable it to utilise MAT credit entitlement.

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

- a) List of Related Parties

- i. Joint Venture
 - Oji JK Packaging Private Limited
- ii. Associate
 - JK Enviro-Tech Limited
- iii. Enterprise over which KMP's have significant influence
 - Habras International Limited
- iv. Key Management Personnel (KMP)
 - Shri Hari Shankar Singhania * - Chairman
 - Shri Harsh Pati Singhania - Managing Director
 - Shri Om Prakash Goyal - Whole-time Director

* Deceased on 22nd February, 2013.

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

		Rs. in Crore (10 million)	
Sl. No.	Nature of Transactions	Joint Venture	
		2012-13	2011-12
(i)	Equity Contribution	2.40	-
(ii)	Reimbursement of Expenses - Received	0.01	-
(iii)	Outstanding at end of the period - Receivable	0.01	-

		Associates	
Sl. No.	Nature of Transactions	2012-13	2011-12
(i)	Reimbursement of Expenses - Received	2.01	4.54
(ii)	Purchase of Goods	36.44	25.19
(iii)	Reimbursement of Expenses - Paid	2.35	6.33
(iv)	Interest received	2.23	2.59
(v)	Sale of Goods	0.23	0.30
(vi)	Loans given	0.70	1.15
(vii)	Loan installment received	3.67	4.67
(viii)	Outstanding at end of the year - Receivable	35.12	29.22

Sl. No.	Nature of Transactions	Enterprise over which KMP's have significant influence	
		2012-13	2011-12
(i)	Sale of Goods	9.76	2.69
(ii)	Commission on Purchase/Sales	0.42	0.39
(iii)	Reimbursement of Expenses - Paid	-	0.01
(iii)	Outstanding at end of the period		
	- Receivable	0.26	-
	- Payable	-	0.11

Key Management Personnel (KMP) :

The remuneration paid to Chairman Rs. 2.69 Crore (Previous year Rs. 2.66 Crore), Managing Director Rs. 2.90 Crore (Previous year Rs. 2.66 Crore) and Whole Time Director Rs. 1.68 Crore (Previous year Rs. 1.43 Crore). The remuneration paid to the Managerial Personnel by way of minimum remuneration, in terms of the appointment, exceeds the limit prescribed under Section 309(3) of the Companies Act 1956, by Rs. 3.03 Crore, and is subject to requisite approvals from the Central Government of India. Remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

36. Earnings Per Share:

	Rs. in Crore (10 million)	
	31 st March, 2013	31 st March, 2012
a) Profit after tax	37.99	48.52
Less : Preference Dividend (including tax on Dividend- CY 8,716/-)	0.00	0.01
Profit for Basic/Diluted Earnings Per Share	37.99	48.51
b) Weighted average No. of Ordinary Shares		
- Basic	13,66,20,625	11,18,58,449
- Effect of Conversion Option	3,63,16,875	3,04,62,515
- Diluted	17,29,37,500	14,23,20,964
c) Nominal Value of Ordinary Share (Rs.)	10.00	10.00
d) Earnings per Ordinary Share (Rs.)		
- Basic	2.78	4.34
- Diluted	2.20	3.41

37. Exceptional Items represents provision of earlier periods no longer required.

38. The proceeds of the Right issue and FCCB have been fully utilized for the expansion project.

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

As per our report of even date

For and on behalf of the Board

FOR S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 21st May, 2013

S.C. GUPTA
Company Secretary

B.H. SINGHANIA
H.P. SINGHANIA
O.P. GOYAL

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SHAIENDRA SWARUP

SHAIKESH HARIBHAKTI
UDAYAN BOSE
VINITA SINGHANIA

Chairman
Vice Chairman & Managing Director
Whole Time Director

Directors

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2013

Rs. in Crore (10 Million)

	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extra-ordinary Items	38.12	50.95
Adjustments for :		
Depreciation	73.77	73.74
Income from Investments	(2.62)	(4.90)
(Profit)/ Loss on Sale of Assets (Net)	(0.09)	(0.44)
Dividend Income	(0.30)	(0.94)
Finance Cost	53.76	51.47
Interest Income	(7.45)	(13.40)
Foreign Exchange Fluctuation	(0.04)	4.19
Premium on Forward Exchange Contracts	3.32	2.66
Assets Written off	0.01	0.43
Bad Debts	0.13	0.27
Provision for Doubtful Debts	1.20	1.36
Miscellaneous Expenditure Written off	0.13	0.05
Provision for earlier years no longer required	(0.94)	(0.08)
Operating Profit before Working Capital Changes	159.00	165.36
Adjustments for Working Capital Changes:		
Trade and Other Receivables	(3.94)	(133.85)
Inventories	(51.81)	(36.66)
Trade and Other Payables	2.27	26.81
Cash generated from Operations	105.52	21.66
Taxes paid	(14.37)	(8.64)
Net Cash from Operating Activities	91.15	13.02
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(864.50)	(632.06)
Sale of Fixed Assets	1.36	1.83
Sale/(Purchase) of Investments (Net)	60.53	14.72
Dividend Income	0.30	0.94
Interest Received	8.68	12.28
Net Cash from Investing Activities	(793.63)	(602.29)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2013

Rs. in Crore (10 Million)

	2012-13	2011-12
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Equity Share Capital	-	245.58
Redemption of Preference Share Capital including Premium	(5.49)	(5.52)
Share Issue Expenses	-	(2.80)
Proceeds of Long-term Borrowings	814.42	640.94
Repayment of Long-term Borrowings	(130.87)	(112.57)
Proceeds/(Repayment) from Short-term Borrowings (Net)	(7.48)	(8.11)
Interest and Financial Charges	(58.16)	(51.50)
Dividend (including Dividend Tax)	(23.84)	(0.03)
Net cash from Financing Activities	588.58	705.99
D. Increase/(Decrease) in Cash and		
Cash Equivalents - Cash & Bank Balance	(113.90)	116.72
E. Cash and Cash Equivalents as at the beginning of the		
year - Cash & Bank Balances (Note No. 17)	147.82	31.10
F. Cash and Cash Equivalents as at the close of the		
year - Cash & Bank Balances (Note No. 17)	33.92	147.82

Notes :

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

As per our report of even date

FOR S. S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Reg. No. 000756N

K.S. MEHTA
Partner
Membership No. 008883

New Delhi,
the 21st May, 2013

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Company Secretary

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H.P. SINGHANIA
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ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SHAIENDRA SWARUP

For and on behalf of the Board

Chairman
Vice Chairman & Managing Director
Whole Time Director

SHAILESH HARIBHAKTI
UDAYAN BOSE
VINITA SINGHANIA

Directors



**Promotion of Backyard Poultry
a sparsh Initiative**

In Association with
Animal Resource Development Department, Kanyakumari

Creating Value for Community

JK Paper has long believed that, unless the community around it is prosperous and empowered, the business cannot succeed. Similarly caring for environment is an enduring aspect of our operations. The Company has taken a focused approach to empower people through interventions in health, education, skill development & livelihood creation.

Education program encompasses both children and adults: while schools are supported by the Company, study materials, uniforms & sports materials are distributed to tribal schools. Empowering illiterate and underprivileged men and women through adult education program has benefited more than 7300 individuals.

Supplementing farm incomes with additional incomes through local income generation activities have improved standard of living and quality of life of people. Self Help Groups (SHGs) are the most effective intervention in this area. The Company organises rural women into SHGs, imparts the necessary skills and training to enable them start and manage local enterprises like broiler & poultry farming, phenyl making, hill broom binding, paper plate making etc. This initiative has not only given the women additional income but a sense of pride and achievement. Similarly many farmers have been introduced to scientific practices through the formation of Farmers' clubs.

The Company also reaches individuals and the community through its various interventions in healthcare. This is done by providing basic health services and medicines by organising health camps. Under the Janani Suraksha Yojna, pregnant and lactating mothers have been counseled and institutional deliveries facilitated. Skill development is another area that has helped people to get stable employment. The Company, under a PPP model, has collaborated with ITI, Ukai to impart training to the locals, 391 individuals from poor & backward communities have benefited and are now gainfully employed.





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