

ANNUAL REPORT 2015 - 2016



Delivering
RESULTS!

Harnessing
POTENTIAL...

Redefining
CHALLENGES...



JK PAPER LTD.





Aerial View of Unit JKPM

C O N T E N T S

Board of Directors	I
Chairman's Statement	2
Vice Chairman & Managing Director's Statement	3
Leading with Technology	4
Directors' Report	12
Management Discussion and Analysis	37
Corporate Governance Report	45
Auditors' Report	56
Balance Sheet	62
Statement of Profit & Loss	63
Notes on Accounts	64
Cash Flow Statement	86
Consolidated Financial Statement	89

Board of Directors

BHARAT HARI SINGHANIA

Chairman

HARSH PATI SINGHANIA

Vice Chairman & Managing Director

OM PRAKASH GOYAL

Whole-time Director

ARUN BHARAT RAM

DHIRENDRA KUMAR

M.H. DALMIA

R.V. KANORIA

SANDIP SOMANY

SHAILENDRA SWARUP

UDAYAN BOSE

VINITA SINGHANIA

WIM WIENK

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 (Odisha)

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

Vice President & Company Secretary

Suresh Chander Gupta



Chairman's Statement

Dear Shareholder,

World Economic growth continues to be muted, with growth forecasts periodically scaled down, now at 3.2% for 2016 from 3.4% earlier in January and only marginally up from 3.1% in 2015. While emerging economies still account for bulk of the growth, it remains uneven and weaker than over the past two decades. China's slow growth, sluggish situation in large emerging markets like Brazil and Russia, and difficult oil-exporting nation's macroeconomic conditions, paint a dull picture. Barring USA, most of the developed world is still to get over the setback from the 2008 global financial crisis.

India amongst large economies has managed to consolidate its growth. In fact, it is seen as the sole bright spot in an otherwise turbulent world economy. Besides high growth, India also finds itself in a favorable position in other macro parameters which are within targeted levels. Foreign exchange reserves are at their highest levels which has prompted investors and businesses to view it as a safe bet and opportunity for investments.

High cost of capital has been a major impediment to investments in the manufacturing sector in India. Benign inflationary expectation has given headroom to cut policy rates by 150 basis points since January 2015, which is now at a 5-year low of 6.5%. This coupled with banks moving to Marginal Cost of Funds based Lending Rate (MCLR) and reduction of interest rates on small savings, provides an opportunity for lending rates to come down further in the near term. This is welcome from the business perspective and also a big fillip to demand revival, particularly those of discretionary items. However the transmission of interest rate reduction to businesses remains lower than policy rate cut.

High economic growth effect is yet to be felt on the ground where most manufacturing companies are witnessing under utilised capacities. While investments are less forthcoming, some green shoots of recovery are visible on the horizon. Sustained low inflation and Government's push to infrastructure investments in roads, power, particularly in renewables and ports, are expected to pull in private investments and boost further growth.

It gives me a sense of satisfaction that amidst such challenging scenario, JK Paper has been able to further improve the gains achieved in the last 2 years post expansion. While industry has been growing at 5-6%, your company has grown at over 11% and achieved a Turnover of over Rs. 2,700 crore, the highest so far.

Environment protection remains a high priority area for the company and its business model is based on the principles of sustainable development. We believe the community around us is a determinant and a stakeholder in our success. Our CSR activities whether they are literacy programs, medical & healthcare or livelihood intervention initiatives are aligned with the objectives of inclusive growth. The efforts have all been well received and appreciated.

The strong fundamentals of India's macroeconomy augur well for the future of the Indian Paper Industry. This along with your Company's thrust on growth and continued leadership in high quality and valued-added products and market driven approach provides a platform for us to reach greater heights. Your continued support in this journey has enabled us to make it this far and I look forward to the same support in the journey ahead.

BHARAT HARI SINGHANIA

Vice Chairman & Managing Director's Statement

Dear Shareholder,

Indian economy finds itself in an enviable position of fastest growing large economy when growth in most parts of the world is either sluggish or negative. Riding on the strong fundamentals of a large domestic market, a young and growing populace and a stable political regime, India is increasingly playing a leading role in the global arena. Though the potential for growth is high, without an upturn in capital investments, it is hard to sustain the current pace of economic growth and move into double digits.

India is now the fastest growing market in the Global Pulp and Paper industry with 6-7% growth per annum. While Copier Paper grew by 6%, JK Paper reinforced its leadership in this segment by growing its volumes by 13% in the same period. Post expansion the Company made significant gains in the Writing and Printing segment and maintained its position in Coated Papers. Domestic packaging board segment has been reporting double digit growth rates for the last few years, ushering in fresh capacity expansion.

Indian paper industry is competing in a free market, today paper is freely importable at nil or low import tariffs. We at JK Paper have continuously invested in technology and remained cost competitive against global competition. The end-customer remains the focus of all our initiatives; whether it is the distribution network which we continue to invest in to increase our reach or our service levels to the customer. We believe, these are the factors that differentiate us from the rest along with JK Paper's brand proposition that is difficult to replicate.

Quality has always been an obsession for us, and it is our constant endeavour to deliver customers superior quality products. At JK Paper we have continuously developed new products to cater to specific customer needs, which has helped us to consolidate our leadership in the market.

JK Paper is a Net Green company today. With long term sustainability in mind we have ensured that we plant more trees than what we use in paper making. In 2015-16 we planted 8.13 crore saplings. This sustained plantation effort would not only help us attain long term fibre security, but also help maintain the green balance of our environment. Plantation coverage within 200 km radius enabled us to bring down the logistics costs, especially at Unit CPM where we are now close to 100% local sourcing.

It has now become a business imperative to be competitive to sustain in a globalized world. JK Paper with its continuous improvement program has been the best in the Indian industry in many efficiency parameters such as water usage, fibre or energy consumption. There is significant reduction in conversion costs, resulting in an EBITDA of Rs 420.83 crore in 2015-16 and a net Profit of Rs 79.56 crore.

While we are committed to growth, we also strive to be a responsible corporate citizen. The Company regularly conducts livelihood intervention, adult literacy, preventive healthcare and rural development programmes as part of its CSR initiatives.

While achievements should be celebrated, we must guard against complacency and must continue to serve our customers with humility and deliver better shareholder value.

We are fortunate to have the strong support of all the stakeholders, be they customers, suppliers, employees, lenders and the shareholders. I have no doubt that with your continued support, the Company will continue to withstand challenges and emerge stronger in the coming years.



A handwritten signature in black ink, appearing to read 'Harsh Pati Singhania'.

HARSH PATI SINGHANIA



Leading with **Technology**

At JK Paper, we believe that leadership is not merely a matter of size, it bestows upon the responsibility to drive growth by redefining challenges. Leadership demands transformation and growth needs to be viewed in a holistic manner; to that extent, it shapes the very quality of growth. It is this unending quest for all round leadership that has catapulted JK Paper into a new era of the Indian Paper industry, an era of unmatched technology leadership.

The paradigm “more with less” is truly taking shape at JK Paper, one that defines our endeavours in recent times; technology leadership, people excellence, product quality, environmental stewardship and inclusive growth.

The technological edge and economies of scale provided by the New Project have enabled the company to lower its cost of production and gain significant market share reflected in highest ever sales volume in the company's history; with a higher capacity utilisation at 104%.

All our investments are focused towards innovation, continuous improvement of processes, human skills and care for the environment. Be it converting waste lands into productive plantations or scouting for and mentoring professionals who can spearhead the technology movement at JK Paper.

This, we believe will continue in harnessing potential, delivering results and keep us as a dynamic benchmark in the Indian Paper Industry.





Redefining Quality for Customers

Leadership demands relentless efforts in delivering better value to customers all the time. That is what drives us continuously to raise the bar. This has led us to improve the quality of products which are already market leaders. Our products are supported by technical service team that works closely with the customers and advises them on best practices and usage of various paper products.

Customer contact programs and training workshops are conducted regularly for a better understanding of their needs. This has helped us not only in identifying the right customer segments but also developing products to meet their expectations. Strategic alignment with market needs has helped JK Paper to re-enter the re-surgent maplitho segment and quickly establish itself as a brand to reckon with. The new strategy also helped introduce new products viz; JK Easy draw, JK Green Maplitho, JK Ultra Print etc. to cater to customer needs.

The company's long standing relation with the channel partners has helped in understanding the changing market realities better and thus respond faster and more emphatically. We have been fortunate to have loyal and understanding channel partners who have been with us in jointly facing the emerging market challenges.





Ensuring a Sustainable Future

Competence, professionalism and teamwork are the foundations of a dynamic and successful organisation. It is not just about hiring people, it's about inspiring them by raising their professional competence and improving their quality of life. Accordingly, HR practices are continuously honed to meet the strategic business goal. Some of our unique HR practices like Differentiated Workforce Strategy, Krishna-Arjuna Initiative, Leadership Development Programmes etc. have created dynamic leaders.

“Commitment to excellence” is one of the core values of JK Organisation. In line with our core value, we believe that business grow only, when our employees grow. The assessment of training needs of our employees is done regularly in line with their career development. These identified training needs are addressed through continuous external trainings, in-house trainings etc. As of now, we have over 20 training modules and we insist on at least 5 training sessions per employee every year.

In a competitive talent market, JK Paper has been able to attract promising talent with good pedigree. Our constant focus in attracting the best talent, harnessing them with challenging roles and effective trainings has helped us in building a proactive and motivated workforce that has helped the company in delivering the best growth results.





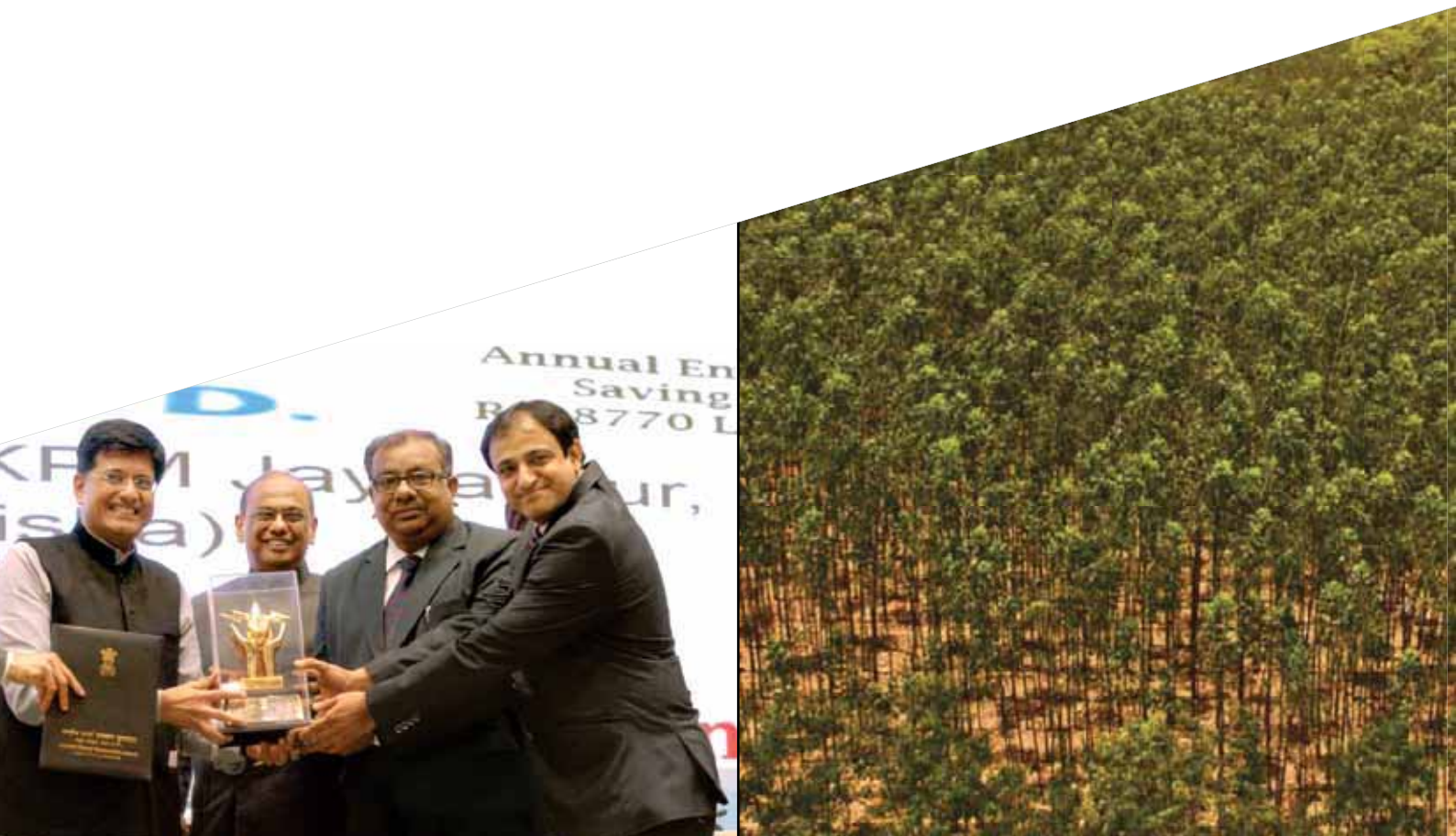
Nurturing *Nature*

Environmental stewardship is an axiom of faith, this year too we added 17,536 Ha to the greening of our surroundings through our ongoing Farm Forestry Program taking the overall acreage to 1,44,000 Ha - taking our share to an impressive 11% in the industry induced social farm forestry – a fact acknowledged by RISI.

Our commitments towards environment has given us several accolades and awards for eg: unit JKPM has been coveted with First Prize among Pulp and Paper industry in India to get the Prestigious “National Energy Conservation Awards 2015” organised by Ministry of Power and Bureau of Energy Efficiency (BEE), Government of India. The unit also bagged the 7th Sristi G-Cube Awards 2015 for good green governance. Our unit CPM received the coveted Greentech Environment Gold Award 2015.

Towards resource management, JK Paper has been constantly taking steps for alternate sources of energy. Concentrated black liquor extracted from Wood and Sodium salts bonded with carbohydrates from the cooking chemicals is added at the digester. Combustion of the organic portion of the black liquor solids produces heat in the recovery boiler. Black liquor solids are used as the renewable bio mass fuel. By doing this, about 20% energy requirement at unit CPM and 55% at unit JKPM is being met by this renewable resource.

In order to treat the sewage generated at unit JKPM, a 3000 M3 capacity Sewage Treatment Plant has been commissioned which covers the effluent generated from entire township.



DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 55th Annual Report alongwith Audited Financial Statements of the Company for the financial year ended 31st March, 2016.

FINANCIAL RESULTS

	<i>Rs in Crore (10 million)</i>	
	2015-16	2014-15
Gross Sales	2881.45	2514.97
Profit Before Finance Costs and Depreciation (PBIDT)	420.83	266.49
Profit before Depreciation and Tax (PBDT)	222.43	62.56
Profit/(Loss) After Tax (PAT)	79.56	(12.74)

DIVIDEND

Your Company has posted significantly improved performance during the year. However, there is a need to conserve cash for reduction in debts and for future projects, The Directors therefore recommend a Dividend of Re. 0.50 per share on the expanded Equity Share Capital. The Dividend outgo would amount to Rs. 8.94 crores (inclusive of Dividend Distribution Tax of Rs 1.51 crores).

APPROPRIATIONS

The amount available for appropriation, including surplus from the previous year including debenture redemption reserve written back, stood at Rs. 291.53 crores. The Directors propose this to be appropriated as under:

	(Rs crore)
- General Reserve	57.00
- Dividend	7.43
- Corporate Dividend Tax	1.51
- Surplus carried to Balance Sheet	225.59

PERFORMANCE REVIEW

The Company recorded its highest ever Sales of Rs **2881.45 crores** during the year an increase of 14.6% over the previous year. The Company achieved its highest ever sales volumes of 4.60 Lacs MT. Both our Units operated at near-full capacities compared to 91% in the previous year. The Company's efforts in enlarging the geographical reach of its products, strengthening the distribution network and introduction of new products in the last 2 years are showing positive results. However, realizations continued to be a matter of concern due to cheaper nil duty imports from ASEAN countries and consequent inability of Indian manufacturers to pass on cost increases to the market. During the year the company focused on further optimizing the utilization and operating parameters of the new project at Unit JKPM which led to significant improvement in EBIDTA margins. As you are aware the Company had stepped up its plantation efforts and it is satisfying to note that the efforts has paid off, with greater proportion of the requirement being met out of material sourced from shorter distances which reduces the overall delivered costs at our mills. Exports accounted for about 48553 MT as against 40332 MT in the Previous Year.

With better operating efficiencies and softer input prices, the Company posted much improved margin consequently EBIDTA at Rs 420.83 crores was up 57.9% over the previous year. The Company's Profit Before Tax was significantly up at Rs 115.12 crores compared to a loss of Rs 51.03 crores during 2014-15 and Net Profit for the year was Rs 79.56 crores against loss of Rs 12.74 crores during previous year.

During the year under review, your Company had issued 1,19,10,000 Equity Shares of Rs. 10/- each at a price of



Rs. 42/- (including premium of Rs. 32/-) aggregating to Rs. 50 Crore on Preferential basis to the Promoter and constituents of the Promoter Group. Consequently, the paid-up Equity Share Capital of the Company increased to Rs. 148.53 Crore from Rs. 136.62 Crore. The proceeds of the said issue have been used towards augmenting the Net Worth of the Company.

NEW PROJECTS

The newly commissioned mill at Unit JKPM is one of the most modern in the Indian industry. The technological edge and economies of scale provided by the new machine have enabled the Company to lower its cost of production and to scale up market share in office papers quite steeply. Average capacity utilization of the new mill stood at 104% for the year under consideration.

The Company's joint venture with Oji Holdings Corporation and Marubeni of Japan commenced its operations in July 2014. The high end corrugated box making unit is however faced with slow pick up due to sluggish sales in end user segments. It might take 2-3 years more to reach full capacity utilization. The emergence of online retail and consequent demand for corrugated packaging offers exciting opportunities.

AWARDS AND RECOGNITION

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

- a. Unit JKPM bagged 1st Prize among Pulp and Paper Industries in India, in the prestigious "National Energy Conservation Award 2015" organised by Ministry of Power and Bureau of Energy Efficiency (BEE), Govt. of India.

- b. Unit JKPM was adjudged Winner at the prestigious "7th -SRISTI- G- CUBE (Good Green Governance) Award -2015" organised by SRISTI publication
- c. Unit JKPM bagged the "Energy Efficient Unit" in "16th National Award for Excellence in Energy Management-2015" organized by CII held on 2nd and 3rd September 2015 at Hyderabad
- d. Unit CPM received Greentech Environment Gold Award 2015 from Greentech Foundation (NGO-Registered under Indian Societies Act) New Delhi.
- e. Unit CPM received the "Best Social Innovative Project Award" by 5th World CSR Congress on 18th February 2016

INDUSTRIAL RELATIONS

The industrial relations at our plants continued to remain peaceful and cordial throughout the year. Our continuous dialogue with the union and workers representatives has improved the industrial harmony and work culture. Our engagement with the workforce has improved the work environment, quality of life, productivity and skill. By introducing various new work practices along with automation, we have succeeded in increasing productivity.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as on 31st March 2016 in the prescribed form MGT -9 is attached as Annexure-I to this Report and forms part of it.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

The Company has not made any provision during the financial year 2015-16 for the purchase of, or subscription for, shares in the company by trustees of JK Paper Employees' Welfare Trust, which was formed by the Company in the year 2004 for the welfare of the employees of the Company, for the shares to be held by or for the benefit of the employees of the company.

RELATED PARTY TRANSACTIONS

During the financial year ended 31st March 2016, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri Wilhelmus Johannes Maria Wienk retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

Shri. O.P. Goyal was reappointed as Whole-time Director of the Company from 7th September 2015 till 30th September 2018 by the Members at the AGM of the Company held on 24th September 2015.

The Board of Directors of the Company re-appointed Sh. Harsh Pati Singhania as Vice Chairman & Managing Director of the Company for a period of five years w.e.f. 1st January 2017, subject to the approval of the Members at the forthcoming AGM of the Company.

All the Independent Directors of the Company have given requisite declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and also Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

INTERNAL FINANCIAL CONTROLS

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

CORPORATE SOCIAL RESPONSIBILITY

Your Company has been one of the foremost proponents of inclusive growth and has continued

to undertake projects for overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, rural development and livelihood interventions etc.

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

Even though, the company was not required to spend towards CSR since it incurred a net loss of Rs. 120.86 crore in the preceding three years, it has spent Rs.105.36 lac towards CSR activities during the Financial year 2015-16.

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

AUDITORS

(a) Statutory Auditors and their Report

M/s S S Kothari Mehta & Co., Chartered Accountants, have been appointed as Auditors of the Company to hold the office from the conclusion of the 53rd AGM held on 27th September 2014 until the conclusion of the 56th AGM to be held in the year 2017, subject to ratification of the appointment by the members at the respective AGMs. Accordingly, matter relating to the appointment of the Auditors will be placed for ratification by members at the forthcoming AGM. The observations of the Auditors in their report on Accounts and the Financial Statements, read with the relevant notes are self explanatory.

(b) Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors appointed Shri Namo Narain Agarwal, Company Secretary in Practice as Secretarial Auditor to carry out Secretarial Audit of the Company for the financial year 2015-16 . The Report given by him for the said financial year in the prescribed format is annexed to this Report as Annexure-3. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

(c) Cost Auditor and Cost Audit Report

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

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

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

CONSERVATION OF ENERGY ETC.

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

PARTICULARS OF REMUNERATION

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

CORPORATE GOVERNANCE: including details pertaining to Board Meetings, Nomination and Remuneration Policy, Performance Evaluation, Risk Management, Audit Committee and Vigil Mechanism:

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

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

- a) Particulars of the four Board Meetings held during the financial year under review.
- b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, inter alia, the criteria for performance evaluation of Directors.
- c) The manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.
- d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.
- e) Details regarding Risk Management.

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

During the financial year under review, Habras International (Singapore) Pte. Ltd., became your Company's subsidiary.

DEPOSITS

Pursuant to the approval of members by means of a Special Resolution at the AGM held on 27th September 2014, the Company has continued to accept deposits from the public, in accordance with the provisions of the Companies Act, 2013 and rules thereunder.

The particulars in respect of the deposits covered under Chapter V of the said Act, for the financial year ended 31st March 2016 are:

- (a) Accepted during the year Rs.12.66 crores;
- (b) Remained unclaimed as at the end of the year – Rs.0.87 crores;
- (c) Default in repayment of deposits or payment of interest thereon at the beginning of the year and at the end of the year – Nil; and
- (d) Details of deposits which are not in compliance with the requirements of Chapter V of the said Act – Nil.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the proper internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- (f) the proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

New Delhi
Date : 25th July, 2016

Bharat Hari Singhania
Chairman

ANNEXURES TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2016

Annexure-I

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2016

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held*	Applicable Section
1	Jaykaypur Infrastructure & Housing Ltd. JK Paper Mills, Jaykaypur – 765 017, Rayagada, Odisha	U45201OR2008PLC010523	Wholly Owned Subsidiary	100	2(87)
2	Songadh Infrastructure & Housing Ltd. P. O. Central Pulp Mills- 394660 Fort Songadh, Distt. Tapi, Gujarat	U45203GJ2009PLC055810	Wholly Owned Subsidiary	100	2(87)
3	JK Enviro-tech Ltd. P. O. Central Pulp Mills- 394660 Fort Songadh, Distt. Tapi, Gujarat	U73100GJ2007PLC075963	Subsidiary	98.98	2(87)
4	Habras International (Singapore) Pte. Ltd. 10 Jalan Besar #10-03, Sim Lim Tower Singapore (208787)	Not Applicable	Subsidiary	100	2(87)
5	Oji JK Packaging Pvt. Ltd. Unit No. 414, 4 th Floor, Time Tower, Sector 28, MG Road Gurgaon – 122 002, Haryana	U21019HR2012FTC046291	Associate	20	2(6)

* Represents aggregate % of shares held by the Company and/or its subsidiaries.

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) \$

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters*									
(I) Indian									
a) Individual/ HUF	1050000	0	1050000	0.77	875000	0	875000	0.59	-0.18
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	72798568	0	72798568	53.28	84883568	0	84883568	57.15	3.87
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A) (I)	73848568	0	73848568	54.05	85758568	0	85758568	57.74	3.69

* The total shareholding of Promoters at (A) above includes 4,10,05,269 Equity Shares (30.01%) as on 1.4.2015, 4,93,40,269 Equity Shares (33.22%) as on 31.3.2016 and a change of 3.21% during the year pertaining to constituents of the Promoter Group as per SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009. The same does not form part of the Promoters as defined in the Companies Act, 2013.

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRI –Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1) + (A)(2)*	73848568	0	73848568	54.05	85758568	0	85758568	57.74	3.69
B. Public Shareholding									
I. Institutions									
a) Mutual Funds	22605	0	22605	0.02	46212	0	46212	0.03	0.01
b) Banks / FI	1294458	0	1294458	0.95	59883	0	59883	0.04	-0.91
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	00	0	0	0	00	0
f) Insurance Companies	6093317	0	6093317	4.46	6093317	0	6093317	4.10	-0.36
g) FIs	140083	0	140083	0.10	1707951	0	1707951	1.15	1.05
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (International Finance Corporation)	7690000	0	7690000	5.63	7690000	0	7690000	5.18	-0.45
Sub-total (B) (1):-	15240463	0	15240463	11.16	15597363	0	15597363	10.50	-0.66
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	7318857	150	7319007	5.36	8205001	150	8205151	5.52	0.16
ii) Overseas	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	8309952	40995	8350947	6.11	9887302	40581	9927883	6.69	0.58
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	19458156	5698862	25157018	18.41	17232011	5698862	22930873	15.44	-2.97
c) Others									
(i) Trust and Foundation	1239978	0	1239978	0.91	1239978	0	1239978	0.83	-0.08
(ii) Non Resident Individuals	2767644	197000	2964644	2.17	2073809	297000	2370809	1.60	-0.57
(iii) OCB	2500000	0	2500000	1.83	2500000	0	2500000	1.68	-0.15
Sub-total (B) (2):-	41594587	5937007	47531594	34.79	41138101	6036593	47174694	31.76	-3.03
Total Public Shareholding (B)=(B)(1)+ (B)(2)	56835050	5937007	62772057	45.95	56735464	6036593	62772057	42.26	-3.69
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	130683618	5937007	136620625	100	142494032	6036593	148530625	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2015)			Shareholding at the end of the year (as on 31st March 2016)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
I	Bengal & Assam Company Ltd.	32843299	24.04	-	36418299	24.52	-	0.48
	Total	32843299	24.04	-	36418299	24.52	-	

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

Sl. No.		Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
I	Bengal & Assam Company Ltd.				
	At the beginning of the year	32843299	24.04	32843299	24.04
	Increase in Promoter's Shareholding during the year pursuant to Preferential Allotment to them	3575000	0.48	36418299	24.52
	At the end of the year i.e., 31.03.2016			36418299	24.52

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

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year (1 st April 2015)		Cumulative Shareholding at the end of the year (31 st March 2016)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	J.K. Fenner (India) Limited ^{^^}	25457500	18.63	27837500	18.74
2	Florence Investech Limited ^{^^}	11833332	8.66	11833332	7.97
3	P.K.Khaitan jointly with S.K.Somany – Trustees, JK Paper Employees Welfare Trust ^{^^}	11681112	8.55	11539710	7.77
4	International Finance Corporation ^{^^}	7690000	5.63	7690000	5.18
5	J.K. Credit & Finance Limited [@]	-	-	3575000	2.41
6	Life Insurance Corporation of India ^{^^}	3282805	2.40	3282805	2.21
7	Edgefield Securities Limited ^{^^}	2500000	1.83	2500000	1.68
8	BMF Investments Limited ^{^^}	2252297	1.65	2252297	1.52
9	General Insurance Corporation of India ^{^^}	2100000	1.54	2100000	1.41
10	Deepa Bagla Financial Consultants Pvt. Ltd. ^{^^}	1658141	1.21	1984785	1.34
11.	Indian Overseas Bank ^{**}	1249118	0.91	-	-

Note: Around 96% of the Shares of the Company are held in dematerialized form and are traded on daily basis. Therefore, the date wise increase/decrease in shareholding is not indicated.

^{^^} Common top ten shareholders as on 1st April 2015 and 31st March 2016.

^{**} Top ten shareholder only as on 1st April 2015.

[@] Top ten shareholder only as on 31st March 2016.

(v) Shareholding of Directors and Key Managerial Personnel

1. Shri Harsh Pati Singhania, Vice Chairman & Managing Director

For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative Shareholding during the Year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	131250	0.10	131250	0.10
Date wise Increase/Decrease in Shareholding during the year	No Change			
At the end of the year i.e. 31.03.2016			131250	0.09

2. Shri O.P. Goyal, Whole-time Director

For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative Shareholding during the Year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	13692	0.01	13692	0.01
Date wise Increase/Decrease in Shareholding during the year	No Change			
At the end of the year i.e. 31.03.2016			13692	0.01

3. Shri M.H.Dalmia, Director

For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative Shareholding during the Year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	-	-	-	-
Increase in Shareholding from 2 nd September 2015 to 10 th November 2015 #	150300	0.10	150300	0.10
At the end of the year i.e. 31.03.2016#			150300	0.10

4. Smt. Vinita Singhania, Director

For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2015)		Cumulative Shareholding during the Year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	87500	0.06	87500	0.06
Date wise Increase/Decrease in Shareholding during the year	No Change			
At the end of the year i.e. 31.03.2016			87500	0.06

NOTE : Sh. Bharat Hari Singhania, Sh. Arun Bharat Ram, Sh. Dharendra Kumar, Sh. RV Kanoria, Sh. Sandip Somany, Sh. Shailendra Swarup, Sh. Udayan Bose, and Sh. Wim Wienk, Directors of the Company and Sh. V. Kumaraswamy, Chief Finance Officer and Sh. Suresh Chander Gupta, Company Secretary of the Company were not holding any shares in the Company at the beginning of the year, i.e, as on 1st April 2015 and at the end of the year i.e, as on 31st March 2016 and hence there was no increase/decrease in their shareholding during the financial year 2015-16.

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

\$ The paid up Equity Shares of the Company increased from 13,66,20,625 to 14,85,30,625 during the year consequent upon issue of 1,19,10,000 Equity Shares on Preferential basis to the Promoter and constituents of the Promoter Group of the Company.

V. INDEBTEDNESS

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

(Rs. in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1678.50	398.84	11.52	2088.86
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	17.80	1.11	0.92	19.83
Total (i+ii+iii)	1696.30	399.95	12.44	2108.69
Change in Indebtedness during the financial year				
• Addition	156.32	332.34	13.76	502.42
• Reduction	(313.90)	(345.57)	(7.05)	(666.52)
Net Change	(157.58)	(13.23)	6.71	(164.10)
Indebtedness at the end of the financial year				
i) Principal Amount	1526.62	377.76	18.14	1922.52
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	12.10	8.96	1.01	22.07
Total (i+ii+iii)	1538.72	386.72	19.15	1944.59

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. in Crores)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sh. Harsh Pati Singhania (Vice Chairman & Managing Director)	Sh. Om Prakash Goyal (Whole-time Director)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.60	1.90	4.50
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.15	0.30	1.45
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Commission - as % of profit	1.35	0.10	1.45
3	Others: Contribution to Provident Fund and Insurance	0.29	0.10	0.39
	Total (A)	5.39	2.40	7.79
	Ceiling as per the Act	Rs. 7.91 crores (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

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

B. Remuneration to other Directors

(Rs. in Crores)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
1.	Independent Directors	Sh.Arun Bharat Ram	Sh. M.H. Dalmia	Sh. R.V. Kanoria	Sh. Sandip Somany	Sh. Udayan Bose	Sh. Shailendra Swarup	
	• Fee for attending Board/ Committee Meetings	0.01	0.01	0.02	0.01	0.02	0.01	0.08
	• Commission	0.05	0.05	0.05	0.05	0.05	0.05	0.30
	Total (1)	0.06	0.06	0.07	0.06	0.07	0.06	0.38
2	Other Non-executive Directors	Sh. Bharat Hari Singhania	Sh. Dharendra Kumar	Smt.Vinita Singhania		Sh.Wim Wienk		
	• Fee for attending Board /Committee Meetings	0.02	0.01	0.01		0.01		0.05
	• Commission	0.20	0.05	0.05		0.05		0.35
	Total (2)	0.22	0.06	0.06		0.06		0.40
	Total(B)= (1+2)							0.78
	Total Managerial Remuneration (A+B)							8.57*
	Overall Ceiling as per the Act	Rs. 8.70 Crore (being 11% of the net profits of the Company as per Section 198 of the Companies Act, 2013)						

* Total Managerial Remuneration to Managing Director, Whole-time Director and other Directors (being the total of A and B) includes, sitting fees of Rs.0.13 crores.

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Rs. in Crores)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Sh. V. Kumaraswamy, Chief Finance Officer	Sh. Suresh Chander Gupta, Company Secretary	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.32	0.38	1.70
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.13	0.05	0.18
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Others: Contribution to Provident Fund and Insurance	0.05	0.02	0.07
	Total	1.50	0.45	1.95

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. Company's CSR Philosophy and Belief

CSR at JK Paper is driven by the belief that communities prosper when they are economically viable and socially harmonious. And inclusive development – Sab Ka Saath Sab Ka Vikas; is about building self reinforcing networks that can access resources embedded in collective social assets.

Our CSR is therefore focused on a) creating social assets through interventions in health, education & skilling; b) building & strengthening networks of SHG's for the capitalization of social assets and c) mobilizing the networks for social change through capacity building, training and advocacy with key influencers.

2. Environment & Sustainability

Sustainability is at the core of our operations; our carbon foot print is amongst the lowest in industry. Unit JKPM generated 59% energy from renewable sources thereby significantly reducing emissions and consumption of fossil fuels. Our intervention in farm forestry project has resulted in enhancing green cover in Odisha, Gujarat, Andhra Pradesh and Maharashtra, at the end of FY 2015-16 our cumulative acreage stands at over 1.44 Lac Ha.

3. Human Resource Practices

We encourage an ownership culture and commitment amongst our employees. The company's HR policy is aimed at ensuring equality of opportunity and access to training and skill upgradation for all its employees be it Managers, Supervisors or the Workers. We do not allow or encourage child or forced labour directly or indirectly. Employees at Corporate, Branch Offices and Factories are provided with safe, hygienic, and humane workplace environment.

4. Educational Initiatives

4.1.School Education

The Company through its schools has been imparting quality education from the primary to the tertiary level. The three schools at Raygada(Odisha) and Songadh(Gujarat) make all out efforts to reach out to the weaker sections by enrolling students from its vicinity.

Both units JKPM & CPM regularly organize special programs from time to time for tribal children so that they can compete with other students. Unit CPM has been running Computer Certificate Courses through a Computer training Centre from June 2010. More than 500 students, largely from tribal community, have successfully completed these subsidized courses.

4.2. Adult Education

The program started more than a decade back has not only enabled 13403 individuals to become literate but also productive assets of the society.

At Unit JKPM 9111 Tribal Women were enabled to become literate. The Program started with 2 centers in 2005 and has expanded to 25 Community Based Centers in 2015. In a recent initiative on digital learning Computer Based Functional Literacy modules were introduced in six centers which simplified learning & comprehension. Similarly Unit CPM operates 20 centers and till date 4292 tribals became literates from areas where prevailing illiteracy rates are as high as 42%. The program has enhanced self belief of the participants and many of them now participate in SHG's or group enterprise development.

4.3. Remedial Education

The project addresses a vital need amongst slow learners. The objective of the project is to extend supplementary tutorial support to the 4th & 5th class students who are found weak in English, Science & Mathematics. Envisaged as a participatory model to create joint ownership, the success of this model has paved the way for its replication in more villages.

4.4. Nutan Gyanvardhini

Nutan Gyanvardhini, a special school for the Educational Rehabilitation of the Children With Special Needs (CWSN). The school, started in collaboration with the district administration, Rayagada has 30 students of Rayagada and Kolnora blocks on its rolls.

Vocational rehabilitation is a key focus area, training in tailoring gardening & paper envelope making have been included for vocational rehabilitation of these children. Regular parent meeting is organized to create an interface for assessing the developmental trend of the CWSNs and General Health check up camp is organized twice a month with support from unit JKPM.

The school runs from 10 AM to 4 PM & the children are served with breakfast and lunch daily. Children are brought into the school and taken back to their home by the school bus regularly with escort services.

4.5. Skill Development

JKPL operates tribal areas and has made special efforts to enhance the employability of tribal youth by organizing different need based Skill Development Programs.

Unit CPM adopted Industrial Training Institute (ITI), Ukai, Gujarat under PPP model in the year 2008. It now offers 10 different job oriented

courses in demand from industry in the vicinity. Declared as Centre of Excellence, its enrollment in 2015 -16 stood at 620 students.

ITI Ukai organized Kaushalya Vardhan Kendra (KVK) where 100 Employment Kits were distributed by Tribal Development Department to unemployed boys & girls residing at border villages of Fort Songadh Taluka. An MOU has been signed between ITI Ukai and Unit CPM for training non-qualified workmen for short term KVK courses where ITI Ukai will provide study material and other assistance to the workmen of CPM identified for the training courses.

Unit JKPM similarly has been taking up activities towards Skill development for employability of tribal youth. A tailoring cum embroidery centre has been created exclusively for SC/ST adolescent girls. Employability among the tribal youth & girls is also enhanced through other vocational trainings like Mobile Repair, Electrician, Driving & Beautician courses. After the training, the tribal youth have started earning their livelihood. Some of the tribal girls have been providing their service to Tribal Girls Hostels & Beauty Parlours and earn in the process.

4.6. Enterprise Development

Entrepreneurship development is key to unlocking social capital and Promotion of Micro Enterprises is a proven intervention in fulfilling this important national goal. JKPL in collaboration with Central Board of Workers Education mobilized 406 SC/ST boys and girls, shortlisted candidates were counseled and provided with business development plan plus handholding support for setting up own enterprise in their village at the lowest working capital. The effort has resulted in the setting up of micro enterprises like tiffin stalls, grocery shops, tailoring, mobile repairing, DTH repairing & mobile vending units.

The enterprises are linked with MUDRA (Micro Units Development & Refinance Agencies) Yojana recently launched by Govt. of India for further scaling up.

4.7. Livelihood Interventions

The transformation of women from illiteracy to literacy through JKPL's adult education program has empowered them and encouraged them to form Self Help Groups enabling them to become productive assets of the society and in turn enhance economic & social status.

The groups have taken up Income Generation Programmes (IGP) like Phenyl Making, Detergent Making, Paper Plate making, Turmeric, Hill broom making etc., Producer Groups consisting of the members of different members of the Self Help Groups were also formed in collaboration with Odisha Livelihood Mission. These were supported by encouraging them to take up Poultry farming as a backyard initiative. This has brought them dual income both from selling of meat & eggs. Over 1000 tribal women have been involved in Micro Credit activities through formation of 72 Self Help Groups (SHG) in JKPM and 9 in CPM. Moreover, Self Help Group Corpus of Rs. 31.48 lakh generated through Micro Saving by members has substantially increased their economic independence. The SHGs have mobilized Rs 79.44 lakh as working capital from different financial institutions. Odisha Livelihood Mission (OLM) based on their performance has sanctioned revolving fund to the best performing SHGs. The impact is visible in enhanced family incomes of between Rs 1000 to Rs 3000 per month, a major part of which is spent on health nutrition & education of the children.

The empowerment of women members of SHGs are manifested in active participation of

SHG leaders in Gram Sabha deliberations. 12 women from them have been elected to 3 Tier Panchayat Raj Governance System. 554 SHG members have opened individual bank accounts under Pradhan Mantri Jan Dhan Yojana.

4.8. Disseminate scientific agricultural practices

Unit JKPM also helped create additional income for farmers by introducing scientific practices in agriculture. Farmers Clubs have been formed and Crop Specific Training (CST) programmes were organized on both Kharif & Rabi with the support of NABARD. Farmers were also trained on commercial vegetable farming during the seasons its earning potential and fertilizer application.

Recently some leading farmers were selected and imparted training on modern agricultural practices. They were also taken for an exposure visit to successful agriculture models for Hybrid Maize, Basmati Rice, Vegetable, Sun Flower & Fruits cultivation in Uttarakhand and Himachal Pradesh. These visits were organized in collaboration with Directorate of Agriculture, Govt. of Odisha.

Introduction of New Cash Crop Pattern i.e. Pointed Gourd, Lemon Grass & Watermelon has fetched additional income of up to Rs 60,000/-, Rs 45000 & Rs 31,000/- per acre. Line Transplantation of paddy as a technology supplement has increased 35% paddy yield in 250 ha. benefitting 271 farmers.

5. Healthcare

5.1. Basic Healthcare

Basic health services including free medicines to the ST & SC through health camps and mobile dispensaries are held in nearby villages at

regular intervals, over 81,066 patients have been benefitted through 525 health camps. Mobile Medical Dispensary covering villages within 20km radius around unit CPM has been rendering this service since 1998. Committed health intervention through health camps & mobile dispensaries besides maternal & child health services at the doorstep has successfully reduced the incidence of health hazards in the villages.

Simultaneously, Community Health Facilitators make house visits to sensitize the pregnant & lactating mothers on safe health practices to encourage health seeking behavior.

5.2. JK Center for Tribal Eye Health

JK center for Tribal Eye Health in partnership with reknown L V Prasad Eye Institute was inaugurated on 31st August by the Hon'ble Chief Minister, Odisha Shri Naveen Patnaik in the presence of VC & MD, JKPL Shri H.P. Singhania. Tribal Eye Care is a first ever outreach program of its kind and includes mobilization of the population for eye health, creating awareness about eye health, screening for possible disorders and surgeries. JK Centre for Tribal Eye Health is equipped with state of the art equipment and trained staff to deliver equitable comprehensive eye care. A population of 75,000 in a span of five years shall be served under this intervention.

5.3. Community Health Interventions

Life Skill Education has proven beneficial to the

tribal adolescent girls, imparted through Balika Mandals in different villages, the participants learnt 10 Life Skills.

Adolescent Reproductive & Sexual Health (ARSH) is one of the priority areas of our project villages. This initiative has brought significant change in the lives of the adolescent girls who have learnt the use of sanitary napkins and tips to care during menstrual cycle.

Special initiative has been taken up for sensitizing the youngsters on the origin of deadly disease, various common sources of acquiring HIV, its symptoms & also motivated with various real life examples of death owing to AIDS.

6. Infrastructure Development

Basic infrastructure like crematorium, village approach road, overhead tanks for safe drinking water, repair of temples were taken up in the need based villages during the year.

7. Summing Up

JK Paper is proud of its achievements but recognizes it still has a long way to go. It will like to build on what has been achieved so far and by learning from its past to serve the society to the best of its abilities. On 5th January, 2010, 'SPARSH', a NGO was formed under Society Registration Act 1860 in Cuttack, Odisha to take up developmental activities in the nearby villages of unit JKPM to carry out JK's CSR activities systematically.

ANNUAL REPORT ON THE CSR ACTIVITIES UNDERTAKEN BY THE COMPANY DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2016

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

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

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

2. The Composition of the CSR Committee:

The CSR Committee comprises of the following Directors:

- Shri Harsh Pati Singhania (Chairman of the Committee), Non-independent
- Shri Shailendra Swarup, Independent
- Shri O.P.Goyal, Non-independent

3. Average Net Profit/(loss) of the Company for last three financial years: (Rs. 120.86) crore.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Not Applicable
5. Details of CSR spent during the financial year
 - a. Total amount to be spent for financial year : Not Applicable
 - b. Amount unspent, if any : Nil
 - c. Manner in which the amount spent during the financial year :

The Company has undertaken various CSR activities during the Financial year 2015-16, as stated in the CSR Report forming part of the Annual Report and has spent Rs.105.36 lac towards such activities even though, the company was not required to spend towards CSR since it incurred an average net loss during the three immediately preceding financial years.

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

Date: 6th May 2016

(O.P.Goyal)
Whole-time Director

(Harsh Pati Singhania)
Chairman, CSR Committee

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

To,

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 (Audit Period), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999- (Not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- (Not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- (Not applicable to the Company during the Audit Period),

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- (Not applicable to the Company during the Audit Period); and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Management has identified and confirmed the following laws as being specifically applicable to the Company, which have been complied with:-
- (a) Paper and Paper Board Cess Rules, 1981.
 - (b) The Indian Forest Act, 1927

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

- (i) Mandatory Secretarial Standard 1 and Secretarial Standard 2 issued by the Institute of Company Secretaries of India.
 - (ii) The Listing Agreements entered into by the Company with the Stock Exchanges.
- During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

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

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

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

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

- (i) Obtained Members' approval, pursuant to sections 196, 197 and 198 of the Companies Act, 2013 by means of a Special Resolution passed on 24 September, 2015 for re-appointment of and payment of remuneration to Shri OP Goyal as Whole-time Director of the company for a period from 7th September 2015 till 30th September 2018,
- (ii) Obtained Members' approval, pursuant to section 62 (1) (c) of the Companies Act, 2013 by means of a Special Resolution passed on 2 September, 2015 for issue of 119,10,000 equity shares of Rs. 10 each, at a price of Rs. 42 each, on preferential basis to the Promoter and constituents of the Promoter Group of the company, and
- (iii) Sold 34,02,171 (1.15%) shares in Udaipur Cement Works Limited, through offer for sale, pursuant to Clause 40A of the (then) Listing Agreement, to achieve Minimum Public Shareholding of 25% in that company.

Place: New Delhi
Date: 6th May, 2016

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

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



‘Annexure A’

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

My report of even date on Secretarial audit for the financial year ended 31st March, 2016 is to be read along with this letter stating that -

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: New Delhi
Date: 6th May, 2016

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

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo in terms of section 134 (3) (m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014 and forming part of Directors' Report to the members for the year ended 31st March 2016.

A) CONSERVATION OF ENERGY

i. The steps taken for conservation of energy:

(1) EOP feed MC pump & Bleached HD MC Pump ran with 100% valve kept open and the speed regulated with VFD. (2) Energy saved in use of Compressed air in CFB-6 Ash handling system by changing the operation from timer mode to Probe mode (need basis avoiding idle operation) and decreasing the Conveying air pressure in the ash handling system from 4.0 kg/cm² to 2.0 kg/cm² and also air consumption reduced by reducing air line orifice in the conveying air from 8 to 4 nos & decreased the orifice holes diameter from 8 mm to 6 mm. (3) Savings in Power due to decrease in Drag chain feeders seal air pressure by reducing the SA fan RPM. (4) Reduction in cooling tower fans (4 nos) power consumption by decrease in blade angle. Savings in power Rs. 13.9 Lacs / Annum. (5) Replacement of energy inefficient vacuum pump (PM 1 – 1 no, PM 3 – 2nos, PM 5- 1 no & PD plant – 2 nos), with new energy efficient vacuum pumps. (6) Duplex strainer installed in the return line of evaporator condensate to create standby strainer to avoid drainage loss during cleaning. (7) WBL Flash vapor 2 valves provided & position adjusted at 7th body inlet. Steam economy improved. (8) Steam lines and traps were audited for steam leakages, functionality of steam traps, radiation losses etc. identified & rectified the faulty traps, insulated the bare lines and valves, plugged the leakages & isolated the identified idle steam lines and headers. (9) Power factor improvement from 0.82 to 0.88. (10) Utilisation of all Coal Fired Boilers and Liquor Fired Boiler CBD and IBD hot water in Causticizing and Pulp Mill. (11) Replacement of normal bulbs by LED, wherever possible. (12) Replacement of Broke Refiner by Deflaker.

ii. The capital investment on energy conservation equipments:

The Company has invested Rs. 128.76 Lacs for energy conservation equipments during the year

B) RENEWABLE ENERGY

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

Concentrated black liquor contains carbohydrates(Lignin) extracted from wood and sodium salts bonded with carbohydrates from the cooking chemicals added at the digester. Combustion of the organic portion of Black liquor solids produces heat in the recovery boiler, heat is used to produce high pressure steam, which is used to generate electricity in a turbine. Turbine extraction Medium & low pressure steam is used for process heating. Black liquor solids as a fuel has been confirmed as renewable biomass fuel by Ministry of New & Renewable Energy, Government of India. About 20% of the energy requirement at Unit CPM and 55% at Unit JKPM is being met by this renewable source.

C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

i. The efforts made towards technology absorption:

1. Reduction in paper breaks caused by replacement & optimization of Defoamer in PM-I.
2. High pressure showers installed & Felt Conditioning Program (Chemicals) stopped.
3. A 3000 M3 capacity Sewage Treatment Plant is commissioned which covers the effluent generated from entire township, ESI Hospital and some of surrounding villages of the JK Paper Mills. The green water so generated is being used in the process.
4. Continuous on line sprinklers for dust suppression at coal yard and chips conveyor for better environment.
5. Pet coke plant installed & commissioned to reduce Furnace oil consumption in Lime kiln.
6. Introduction of Leaf Filter to overcome limitation of X-Filter and centrifuge in Causticizing plant.

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

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

iii. Research & Development:

During the year, the Company has spent Rs. 409 Lacs on Research & Development. Various trials were conducted on the shop floor for new product development, to upgrade the quality of products and for cost savings.

1. New Products developed and introduced during the current year:

Envelope paper 80-180 gsm, Stiffener 140 -170 gsm, Braille paper 140 gsm, Parchment 170 gsm, Cup base 160 gsm, JK Cote AP 120 gsm, Copier 65 gsm and HI FPPP 60 - 90 gsm.

2. R & D activities in Plantation:

- a. Produced Eucalyptus clones by 100% mini-cutting method to avoid topophysis effect in clonal plantation resulting in higher yield per unit area.
- b. Developed clone of E Ruophylla selected from Godhra whose productivity is higher under irrigated condition in Gujarat.
- c. Developed breeding orchard for Lueceana Collensii, CPM 11 (Subabul Clone), CPM 16 (Subabul Cone) and K 636 at Plantation R & D Centre.

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

		Rs. in Crore (10 Million)
(a)	Foreign Exchange earned	241.75
(b)	Foreign Exchange outgo:	
	- CIF Value of Imports	448.85
	- Others	32.68

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended vide MCA Notification dated 30th June 2016, for the FY 2015-16 ended 31st March 2016:

A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company-
(a) Non-Executive Directors: Shri Bharat Hari Singhania, Chairman, 7.66; Shri Arun Bharat Ram, 2.32 ; Shri Dharendra Kumar, 2.21; Shri M.H. Dalmia, 1.97; Shri R.V. Kanoria, 2.51; Shri Sandip Somany, 2.07; Shri Shailendra Swarup, 2.20; Shri Udayan Bose, 2.37; Smt. Vinita Singhania, 2.07; and Shri Wim Wienk, 2.02 (b) Executive Directors: Shri Harsh Pati Singhania, VC & MD, 189.31 and Shri O.P. Goyal, WTD, 84.23.

B. The percentage increase in remuneration of each director, chief finance officer, company secretary - Shri Bharat Hari Singhania, Chairman, 1306 %; Shri Harsh Pati Singhania, VC & MD, 78 %; Shri O.P. Goyal, WTD, 39%; Shri Arun Bharat Ram, 843%; Shri Dharendra Kumar, 530%; Shri M.H. Dalmia, 1144%, Shri R.V. Kanoria, 550%, Shri Sandip Somany, 1867%, Shri Shailendra Swarup, 942%, Shri Udayan Bose, 487%, Smt. Vinita Singhania, 883%, Shri Wim Wienk, 1178%, Shri V. Kumaraswamy, CFO, 30%, and Shri Suresh Chander Gupta, CS, 21%.

The said increase in the remuneration to (i) VC & MD and WTD was due to payment of commission linked with net profits and performance linked incentive as per scheme of the Company, during the financial year 2015-16, and (ii) Non Executive Directors, was due to payment of commission linked with net profits. No such commission/performance linked incentive was paid in last financial year 2014-15, due to absence of profits.

C. The percentage increase in the median remuneration of employees - 5.74%. The number of permanent employees on the rolls of Company - 2602.

D. Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2015-16 was 13.76% whereas the increase in the managerial remuneration for the same financial year was 63.88%. Such increase in managerial remuneration is as per justification given in point B above.

E. We affirm that the remuneration paid during the year 2015-16 is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

World economic growth slowed down to 3.1% in 2015 from 3.4% in the previous year being adversely affected by a confluence of various adverse circumstances, mainly rebalancing of Chinese economy away from investment and trade. The slowdown in China has restricted global trade and investments in commodities and mineral, affecting a host of export-dependent emerging markets like Brazil and Russia that are mired in recessions. The sharp decline in commodity prices, most notably crude oil, has also had adverse consequences for oil-exporting countries, viz., Saudi Arabia and Iran. This has resulted in declining capital flows across emerging economies where growth plummeted to below 4% in 2015 from 7.4% in 2011. The slowdown is most notable in emerging economies of ASEAN, growing at sub-5% from 6-7%, 2-3 years back. While growth impetus from developed countries was primarily provided by US, it has softened of late and with persistent weakness in Japan and EU, growing at only 0.5% and 1.9% respectively, there are serious concerns over global growth.

Currencies have become the new tool to fight global trade wars. While there have been some sane voices against excessive use of currency depreciation, there have been sharp currency depreciations in most emerging economies, particularly in South Africa (23%), Russia (17%), Mexico (14%), Brazil (13%) and Thailand (8%). While overall Rupee depreciation against US Dollar was 6% in 2015-16, it remained broadly stable, owing to RBI's intervention and in a way hurt our exports, down by almost 17% to only \$260 billion. In contrast Rupee depreciated by over 11% against Euro and 13% against Yen.

Indian economy is exhibiting resilience to grow at over 7% with inflation under control at below 5% from the highs of over 12% a couple of years ago, owing to lower commodity prices, government's supply-side measures (dismantling APMC, timely imports of pulses etc.) and a relatively tight monetary stance. This has enabled the RBI to usher in monetary policy stimulus wherein policy rates have been reduced by 150 basis points since early 2015. However the transmission has been slow and below

commensurate levels, keeping bank lending rates still in double digits, which has impeded private investments. This has been further accentuated by low consumer sentiment resulting in significant surplus capacities that have gone up to almost 30%.

While government's efforts to improve the ease of doing business in the country and associated reforms resulted in robust FDI inflows into the economy, overtaking China as the top destination for FDI. However, Foreign Institutional Investors (FIIs) have pulled out over \$2.2 billion from Indian market in 2015-16 (compared to inflows of \$45 billion in the previous year), the steepest since 2008 global financial crisis. This is most probably due to the reversal of monetary stance by US Federal Reserve by moving away from near-zero interest rates and quantitative easing.

Global Pulp and Paper

Growth in the pulp and paper industry has been tepid with the coming of electronic media. Global growth was 1% during the period 2010-15. However, it is heartening to note that recent researches into purchase preferences indicate a return to reading from books and away from electronic devices. The impact from newer smart devices are reportedly nil to negligible. The World demand for paper and boards at 408 mn MT in 2014-15, grew by 1% during the period 2010-15. Within this the growth of tissue has been faster due to increasing adaptation in diverse uses. Recent changes in distribution dynamics have pushed up the demand for various grades of Packaging paper. Consequently Industrial Packaging boards have grown by 2.8% globally during the last five years. These trends seem to be set for the medium term.

The sharp devaluations in Brazilian Real against US Dollar by about 60% in the previous 2 years has had a big impact on the global pulp market and its supply chain as pulp prices dropped sharply. With Brazil's production predominantly in hardwood chemical pulp that is used for the production of printing, office papers and tissue paper, other pulp producers have been hard pressed to compete against the cheaper Brazilian supplies. Some

smaller plants in China have already shut due to this onslaught.

There is a major shift in the global paper and paperboard industry towards Asia. Now with the sharp divergence in growth prospects between India and the rest of the world, the Indian market becomes an attractive destination for international paper manufacturers to reap the huge potential benefits on offer. However sizes of most of the existing paper machines are not big enough to reap the maximum scale benefits. And the infrastructural bottlenecks in the country, whether it is availability of land or raw material in close vicinity, currently prevent them from changing that.

Indian Pulp and Paper Industry

Indian paper industry has been growing at around 7% in the last 5 years. However, the growth would have been higher if not for the two consecutive years of drought putting a big dent in rural demand and lower agriculture growth. Moreover with manufacturing growth yet to recover from the recent lows, there is some pull back in services growth (those that are linked to manufacturing and industry) to 9.2% last year from over 10% in the previous year. Consumer goods output, accounting for almost a third of IIP is slowly recovering ground after witnessing de-growth in previous 2 years, particularly in durables segment. This has been partially offset by the growth of retail and proliferation of e-commerce, and thus keeping growth in packaging board at robust levels of 12%. At 14.5 Mn tonnes, India ranks amongst the top 15 Paper and Board markets globally. Given the low per capita consumption (less than a fifth of the global average), the higher growth rate in India is likely to continue for the next decade. Some of the value added segments in Paper and Board offer new product opportunities for the Company. With these, growth the Indian market is projected to reach 20 Mn tonnes by 2020.

While the pressing issues of rising input costs and raw material availability over the previous years had subsided but still are much higher compared to other countries, this coupled with cheap imports from ASEAN countries is adversely affecting margins. The Indo-ASEAN FTA has played a big role in undermining domestic manufacturing,

as its pricing power is limited by spurt of imports at 'nil' duty. This may be further aggravated by the inevitable signing of Regional Comprehensive Economic Partnership (RCEP), of which China is one of the partners besides ASEAN. The slowdown in China along with other emerging economies of Asia when contrasted with an optimistic economic outlook makes India amenable to more influx of cheaper material from those countries and put pressure on domestic profit margins.

Domestic Supply and Demand Scenario

India is the fastest growing market for paper globally. With robust economic growth showing the way, paper consumption is poised for a big leap. Growth of middle class population provides the foundation for future growth. With the growing thrust on education & literacy and changing lifestyles of the rural masses, the domestic demand for paper is set to surpass supply. Exports of paper and related products is estimated to be less than 1% of production and presents an opportunity in the medium term especially in smaller markets of MENA countries.

E-commerce growth in the country is expected to help paper industry enter new phase of growth. Increasing number of internet users and rising middle-class in the society with higher disposable income have boosted the demand for paper based packaging products. This trend is likely to continue in the medium term. The per capita consumption of paper products is around 11 kgs against a global average of 58 kilogram. There is huge potential for growth of the sector. The domestic market/consumption of paper is close to 14 million tonnes per annum (TPA), with over 2 million TPA being imported. By 2024-25, in the baseline scenario, domestic consumption is projected to rise to 23.50 million TPA.

The copier paper segment, of which your Company is the leader, is growing at over 6% aided by increasing literacy, service sector growth, and thrust on education by the government. Coated paper demand is growing at 7-8%. The fastest growing segment in which the Company operates is the high end Packaging Board which is growing at over 15% per annum.



However there are some concerns too. Paper manufacturers are wary of rise in dumping from China and Indonesia after US imposed counter veiling duty in June 2015 on import of paper from these countries, which can be dumped to India, a growing market for them. The parity price for imports from China and other Southeast Asian nations restricted pass-on of cost inflation to the end consumers, thus affecting the profit margins and investments of the domestic producers.

While no new additional capacities are planned in the domestic market in the writing and printing segment, Emami and TNPL added new capacities of 3.30 Lac MT of packaging board. This additional capacity may put pressure on prices of packaging boards as the new entrants strive to stabilize volumes.

CUSTOMER SATISFACTION AND QUALITY

The company believes in making a difference by providing best-in-class products backed by effective servicing. Our technical service team works closely with the end users like printers, jobbers etc. and advises them on best practices of paper usage through regular training programmes and road shows. We conducted several training programmes during the year that were very well appreciated by the trade and end users.

These customer contact programmes serve a dual purpose; besides imparting product knowledge to the customers it also helps the Company understand customer needs and gain market insights that in turn help us in continuous improvement of our products and services as also development of new products.

ENVIRONMENT AND NEIGHBOURHOOD

Right from inception, JK Paper has been a pioneer in adopting latest environment friendly process and technologies from time to time. In recent times, the chemicals, power and water consumption per ton of paper reduced drastically by adopting latest technologies in its processes. Both its production units are certified for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007. The Occupational Health and Safety process is implemented through periodic safety audits, safety

observations, TPM Internal Audits and Environment Audits focusing on Safety Health and Environment (SHE) related issues.

Last year at Unit JKPM a 3000 M³ per day capacity sewage treatment plant was installed and commissioned which covers the effluent generated from the entire Jaykaypur township. We also implemented an online monitoring system for emission of water and air. It encompasses transmission of real time air quality, flue gas quality and treated effluent quality data to servers of state and central pollution control boards.

As part of resource conservation 100% fly ash is being used in making fly ash bricks, cement manufacturing and other uses.

At Unit CPM, the use of Treated Effluent Water is used for irrigation purpose. It increased from 62 % in previous year to 73 % in the current year. Around 220 farmers are using treated effluent water covering 420 Ha area. Apart from reduction in fresh water usage they also have been benefited in terms of yield. It is a matter of great satisfaction that treated effluent from the plant is being effectively utilized for Agriculture, Subabul, and Eucalyptus plantations.

Combined Recharging cum Rain water harvesting system (RWH) has been installed in the Company's colony premises as a part of rain water harvesting efforts. Solar heaters have also been installed for utilization of solar energy.

Businesses thrive in healthy communities, and as part of our commitment to improve the health and well being of the communities where we operate, we have undertaken several initiatives. In the neighborhood surroundings of our plants we provide education, livelihood and healthcare services. We have also taken initiatives to motivate our team members to get involved in their neighboring communities. Our initiatives have received appreciation in various forums and the same acts as a motivation for us to continue contributing.

MARKET FOR COMPANY'S PRODUCTS

It has been an endeavour for the Company to enhance

customer's printing & writing experience with the diverse set of paper products that we offer. The Company continuously aims to outperform the expectation on both the quality and service parameters.

We have not only retained our stronghold in the existing segments; we have launched new products to cater to wide range of customer needs.

Copier and Office Papers

'JK Copier' continued to be India's largest selling premium branded paper. Clear leadership in copier category was demonstrated, as the additional volume from expansion got absorbed in the market place through aggressive marketing, thereby, increasing our domestic market share to 27%. The company has also been aggressive in the lower tier of the copier market through its new brand 'JK Max' that has got well established and is popular with the jobbers. The prices in this category have started to improve at the onset of 4th Quarter during the year.

Today, the quality of our branded Copier paper from the new machine PM-6 at Unit JKPM is acknowledged not only in India, but also in our principal export markets such as Middle East, Sri Lanka, Iran and other countries. The Company achieved an export volume of over 4000 MT per month for the year.

Irrespective of Import threats & other market challenges, all the copier brands of the company viz. JK Copier, JK Easy Copier, JK Cedar, JK CMax, JK Sparkle, JK Max have done extremely well in their respective markets and price segments. This was possible due to efficient planning, channel expansion and positioning of the entire copier range.

Packaging Board

India's retail growth, growing consumerism, e-commerce etc. are driving the demand for packaging board in the country. Hi-end packaging segment is posing a growth of over 15 percent annually. With the growth rate in double digits, the industry saw entry of two new players in the FY 2015-16. This brought in competing pressure in the market as a result of demand-supply imbalance for

a short duration.

For the year, JK's packaging brands 'JK Ultima' and 'JK TuffCote' retained their differentiation through regular interaction with its customers, timely servicing and flexibility.

Coated Paper

Magazines and books have always been regarded as an important media for the development and promotion of human values. India is counted among the top seven publishing nations in the world. With the coming of digital age, the nature of the industry has changed. The advancement in technology and India's skilled manpower resource, make the country a major outsourcing hub for print & publishing for the world proving to be growth driver.

Despite price pressure from imports, we have been able to maintain our market position through focused efforts in identifying the right customer segments, and providing tailor-made solutions. The same was also supplemented by on-time deliveries and proactive after sales services. 'JK Cote' continues to be a popular choice amongst its customers.

Maplitho

The Company's decision to re-enter the maplitho segment has proved successful as the company attained market share of 6% within a short span of time. The re-entry was challenging as the market had undergone significant changes in the intervening years. The company could regain its trust to face the challenge and scale up its volumes by its untiring efforts on quality control and product development.

During the year, the Company introduced new brands like 'JK Hi-Finesse', 'JK Lumina', JK Envelope, 'JK Green Maplitho' to cater to select customer needs. Brands like 'JK Easy Draw', 'JK Elektra', 'JK UltraPrint', have now established their presence in the market place.

Outsourcing

The strategy to supplement in-house production and to satisfy diverse and changing needs of our customers



through outsourcing of paper has done well for the Company. It has helped the Company especially in categories where the company is unable to offer paper to its customers from its own production.

The outsourced products mainly comprise of Coated papers. Brands like 'JK Superkote' and 'JK Cote Premium' have gained good acceptance in the marketplace. Through concerted efforts during the year, the company has been able to significantly ramp up its outsourced volumes. As a result of outsourcing, now JK has a wider range of coated paper offering along with its domestic range.

Branding and Distribution

In line with company's continuous efforts to consolidate its market leadership, it added new distributors in up-country markets and also worked on servicing its customers better through opening of new depots. The company now operates through 12 depots across the country. The number of distributors have increased from 133 in 2011 to 183 this year an increase of about 40% over the past 5 years. This network has been instrumental in helping the Company gain markets share in a quick time enabling the Company to effectively market its products. JK Paper continues to view its distributors as its Strategic Business Partners with a long term focus and commitment to the company's main product segments, thus ensuring a win-win for the company, its distributors and the end customers.

The company has initiated various branding activities and it has increased its digital marketing efforts through Facebook page in terms of engagement via targeted posts, contests and various other activities in building a strong community of paper lovers. Our tie-up with 92.7 Big FM for an event 'Paani Bachao Life Banao' – A painting competition organised at pan India level having participation of around 20,000 children increased our brand visibility at both student and household level. Other promotional schemes like 'Supersitare', 'Scratch Card', etc., helped the company in generating demand for its brands.

These efforts towards distribution, branding and promotion have made JK Paper a preferred brand amongst paper buyers.

OPPORTUNITIES AND STRENGTHS OF THE COMPANY

The company is one of the few players in the paper manufacturing industry to have direct access to the entire value chain right from plantation, pulp, manufacturing and the consuming markets. The company also has an established presence in all the three major growth segments viz., Copier, Coated and high end Packaging Board. The backbone of the company's operations is its pan-India distribution network which has been developed over the years and continues to grow. The network acts not only as a funnel to take new products to the market faster but also as a feedback mechanism from the market to the company enabling the company to keep innovating and delivering on the customer's expectations.

The trust that customers place in JK brand has been developed over the past five decades as a result of consistently delivering quality products and services and exceeding customer expectations. The company's manufacturing facilities are strategically located to provide easy access to raw materials and ports for inputs. Further the consuming markets being located in the vicinity of the plants provide us with a dual advantage. Any organization is as good as the quality of talent it can attract. The company has put in a conscious effort to attract and retain a large pool of experienced experts, it has been the cornerstone of the company's ability to achieve higher standards of performance.

Steep increases in the key input in the last 4 years, have diluted margins steeply. Industry players who invested in larger scale plants with latest technology have been able to counter the cost inflation in RM. Many smaller units and some of the larger players who could not modernize are facing closure or scaled down their operations. This presents an opportunity for consolidation in the industry. During the last decade, South America has become the hub of market pulp and the setting up of fresh capacities, the prices of traded pulp have come down, which is likely to boost the profitability of our packaging segment.

MAJOR CONCERNS

Free Trade Agreements have caused cheap imports into India, thus putting pricing pressure on some segments that we operate in. There is considerable excess installed

capacity available in China, which, in the absence of demand from any other geography could pose a threat for us. Further the proposed Regional Comprehensive Economic Partnership (RCEP) would only make it difficult to curtail cheaper import flow into India from the member nations.

TNPL and Emami have added capacity of Packaging Board resulting in increased competition intensity in times to come leading to price drop and lower margin in the segment. Currency not adjusting to fair value, low demand for commodities and high cost of capital are also going to be factors affecting our industry.

India is still a wood deficit country. The requirement of Pulp and Paper industry is about 115 Lac MT per annum of hardwood. The total domestic availability is about 100 Lac MT. This leaves a gap of 15 lac MT per annum causing higher prices of wood.

Although the farm gate prices have softened due to increasing availability, expenses on logistics and handling wastage continue to be matters of concern.

Greater focus on farm forestry by Paper Industry in last 3 years would result into better availability of wood in years to come. Industry's representation to concerned ministries, related to the private sector participation in restoration of degraded forest land has attracted attention of governmental agencies and there seems to be positive movement in that direction.

The new project at Unit JKPM has provided a technological edge to the mill in terms of quality as well as cost competitiveness. At Unit CPM technology in Pulp Mill as well as Paper Machines is quite old and to be replaced over a period of time. The Company's new PM VI in Unit JKPM is perhaps the largest single size machine of its kind.

RAW MATERIAL AND OTHER PURCHASES

From the 1st quarter of FY 2015-16, raw material prices started tapering down to lower level. A strategic mix of increased sourcing from areas near the factory and gradual price reduction, we have been able to achieve a reduction of 3% - 5% in raw material prices.

At Unit CPM in Guajrat, self sufficiency was achieved in terms of raw material sourcing pool lying within a radius of 200 KM from the factory site. Average lead time has been reduced to lower logistics cost.

The railway increased the coal freight rate in 2015 and imposed a Mining development cess over and above the royalty charges, increasing the linkage coal cost. However better availability from Coal India collieries throughout the year reduced the dependence on market & imported coal and resulted in saving in energy cost. Subdued global demand of coal kept price of imported coal lower than last year.

The commodity prices and chemical price remained weak due to recession in the global economy. The cheaper import from surplus producing countries resulted in low import parity prices. For many chemicals in 2015-16 we managed lowest buying prices in last many years. The WPI index de-grew month on month during the year and the next year's outlook appears similar

The pulp prices remained weak due to reduced off-take from China and also due to higher availability. The devaluation of currency against dollar of pulp producing markets such as Brazil, Indonesia, Canada & Europe and reduction in shipping cost due to weak international trade kept the pulp price low.

PLANTATION

In order to create adequate capacities aimed at long term availability of raw material, the Company made a concerted effort to keep the momentum in social farm forestry within 200 KM area from the mill. Even under a draught condition in southern peninsula, plantation team was able to add 17,536 Ha area through sustained focus on social farm forestry. Most of these are planted with Eucalyptus clones, Subabul and Casurina. This was 3.5% higher than the area under plantation in FY 2014-15. With this, the company's efforts have cumulatively resulted in the plantation of 1.44 lac Ha in low productive land of tribal and farming community in the backward regions of Central & South Gujarat, Northern Maharashtra, Western Madhya Pradesh, Odisha and North Andhra Pradesh. As per Global Forest Study based on 2013 data,

global consultants RISI has estimated that the Company has contributed roughly 11% share in raising of industry induced social farm forestry in India which create direct & indirect jobs for the poorest section of the society in hinterland of India.

With sustained focus on R&D, the in-house clonal plant production increased to 20 million from advanced nurseries at both the manufacturing locations. Field trials of *Casuarina* clones, *Casuarina equisetifolia* provenance and *Lucaenea leucocephala* provenance were started from Sept' 14 under cess approved IPMA project in collaboration with IFGTB, Coimbatore. In addition we are already working on *Eucalyptus* clonal trials for 130 clones sourced during the past 4 years. One of the *Eucalyptus* clone is showing promising growth to achieve maturity for end use in pulpwood within 3 years from the date of planting. Work has already been started developing Subabul clones given high yield and better return to farmer.

FINANCIAL HIGHLIGHTS

Rs in Crore (10 million)

	2015-16	2014-15
Gross Sales	2881.45	2514.97
Net Sales	2421.68	2138.55
Profit Before interest and Depreciation (PBIDT)	420.83	266.49
Profit before Depreciation and Tax (PBDT)	222.43	62.56
Profit/(Loss) Before Tax (PBT)	115.12	(51.03)
Profit/(Loss) After Tax (PAT)	79.56	(12.74)

Strong Cash flows from operating activities coupled with working capital savings have improved the liquidity position of the company during the year. The Company has managed its working capital requirement better during the year. Better credit control measures have over the years reduced the receivables which are now one of the lowest in the industry. Consequent to optimum utilization of working capital limits in vendor financing, buyer's credit facilities, packing credit facilities

and working capital demand loan working capital cost has come down. During the Year ICRA has assigned a long-term credit rating of "[ICRA] BBB+" with Stable Outlook (on 19/05/15) and India Ratings (Fitch Rating Agency) also has upgraded Long-term credit rating to "IND BBB+" with positive outlook (on 6/07/15). During the year Company has managed the interest rate and currency exposures in an efficient manner with the optimum mix of forwards, options and swaps.

INTERNAL CONTROL SYSTEM

The Company has an adequate and effective internal control mechanism in place. It has a Corporate Internal Audit team consisting of qualified professionals and system experts which reviews the internal control systems on a regular basis to improve its effectiveness besides verifying statutory compliances. In addition, services of external Audit firms are also availed as and when needed to further strengthen its effectiveness. Based on the Annual Internal Audit programme approved by Audit Committee of the Board, regular internal audits are conducted covering all offices, factories and key areas of the business. The Audit committee regularly reviews the findings of the Audit team and discusses the actions taken with management in addition to reviewing the effectiveness of Company's internal controls and monitoring implementation of audit recommendations.

The Company also has a comprehensive budgetary functions control system. Key performance goals are set for each of the units and product lines. The performance against these goals are monitored and reviewed on a periodic basis and corrective actions as needed are initiated.

The Company has in place adequate internal financial controls with reference to financial statements and no material reportable weakness was observed in the system during the year. In addition, the Company is in the process of implementing enterprise wide Compliance monitoring software tool which will capture all applicable statutory compliances.

HUMAN RESOURCE MANAGEMENT

In JK Paper, relationship with people makes it unique and is a key factor of sustenance of growth over long periods. We believe the people within and in the community that we operate in are the most important stake holders for success. To supplement this belief, a synergy between our business growth and our people strategy can be vividly observed. Our people strategy is derived from our core values i.e. Caring for People, Integrity including Intellectual Honesty, Openness, Fairness & Trust, and Commitment to Excellence. With this strong people philosophy and a highly rejuvenated team, JK Paper has been able to achieve superior business performance and profitability in FY 2015-16 by stabilizing the new project at Unit JKPM and achieving the best efficiency parameters and increased copier market share to 27%.

Skill Development was sighted as one of the key areas in Human Resource Development. We worked on upgrading the people competence in Cost Structure, Commercial Acumen and MS Office amongst others. These efforts bore fruit and we saw an improved efficacy of our human capital.

The other area where Human Resources function focused on was Automation of HR processes. Few of its key processes like implementation of 'Inhouse' developed HRMS, Online Performance Management System – Goal Setting, Bi-Annual Review, Online Leave Management System at HO & Branches were successfully completed. Recognising the importance of the role played by the Sales staff of our channel partners, we have started a new initiative to upgrade their soft skills such as presentation, team management, negotiation etc. This has been completed in the 4 zones.

Maximising engagement of employees at workplace has been a top priority for Human Resources function. To ensure this, the company is following many contemporary

practices like competency assessment, focused learning and development and career planning for identified talent pool. These initiatives are used as a build up for fast track growth, rewards and recognition and succession planning. To track the level of engagement, an Employee Satisfaction Survey (ESS) is administered once in every two years. In year 2015-16, the action plan on the ESS 2015 survey was deployed with active involvement of the people. As part of ESS action plan continuous employee engagement activities such as Most Popular Personality, Word of Appreciation, Joy of Giving, Sporting Events, Online Quiz Whiz, Picnic and Women's Day were organised regularly. It is our endeavour to keep doing better in employee engagement index with everyone's participation and involvement. The annual "Udaan" competition which has been initiated to unleash the innovative potential of young talents in the Company witnessed highly enthusiastic participation across all locations. Some of the ideas thrown up by the young brigade were found to be promising and will be implemented in course of time.

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

Name of the Director	Category	No. of Board Meetings attended during 2015-16	Whether attended last A.G.M. (24.09.2015)	No. of other Directorships and Committee Memberships / Chairmanships		
				Other Directorships \$	Other Committee Memberships **	Other Committee Chairmanships **
Sh. Bharat Hari Singhania, Chairman	Non- Executive non- Independent	4	Yes	4	1	-
Sh. Harsh Pati Singhania, Vice Chairman & Managing Director	Executive	4	Yes	2	-	-
Sh. Arun Bharat Ram ^Δ	Independent	3	No	4	2	-
Sh. Dharendra Kumar	Non- Executive non- Independent	4	No	5	2	-
Sh. M.H.Dalmia ^Δ	Independent	2	No	-	-	-
Sh. R.V. Kanoria ^Δ	Independent	3	No	7	4	1
Sh. Sandip Somany ^Δ	Independent	4	No	3	-	-
Sh. Shailendra Swarup ^Δ	Independent	3	No	5	2	-
Sh. Udayan Bose ^Δ	Independent	4	Yes	2	1	-
Smt. Vinita Singhania	Non- Executive non- Independent	4	No	4	-	-
Sh. Wilhelmus Johannes Maria Wienk (nominee of FCCB Holders)	Non-Executive non- Independent	3	No	-	-	-
Sh. O. P. Goyal, Whole-time Director	Executive	4	Yes	1	-	1

- △ The appointment of Independent Directors is in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).
- \$ excluding Private Ltd Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013. Independent Directorships held by the Directors are in accordance with the Listing Regulations.
- ** only covers Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee.

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

Date and number of Board Meetings held

Four Board Meetings were held during the year 2015-16 i.e., on 16th May 2015, 3rd August 2015, 5th November 2015 and on 12th February 2016.

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

The Company already has a Code of Conduct in position for Management Cadre Staff (including Executive Directors). In terms of provisions of Regulation 17(5) of the Listing Regulations, and contemporary practices of good corporate governance, the Board has laid down a code of conduct for all Board Members and Senior Management of the Company and the same is available on the website of the Company (www.jkpaper.com). All the Board Members and Senior Management Personnel have affirmed compliance with the said code. This report contains a declaration to this effect signed by Vice Chairman & Managing Director.

3. Separate Meeting of the Independent Directors

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held

on 13th January 2016. Shri Arun Bharat Ram was unanimously elected as Chairman of the meeting and all the Independent Directors of the Company were present at the said Meeting except Shri Sandip Somany to whom leave of absence was granted.

4. Familiarisation Programme for Independent Directors

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

5. Performance Evaluation

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

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

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

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

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

6. Audit Committee

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

The Committee presently consists of four Directors, out of which three are Non-executive Independent Directors and one is Non-Independent Director. Four meetings of the Audit Committee were held during the year 2015-16 as detailed hereunder:

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

Dates of meetings	No. of members attended
16 th May 2015	4
3 rd August 2015	3
5 th November 2015	3
12 th February 2016	4

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

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

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

7.1 Nomination and Remuneration Committee

The Nomination and Remuneration Committee presently consists of three Independent Directors, namely Shri Arun Bharat Ram, (Chairman), Shri R.V. Kanoria and Shri Udayan Bose, all being non-executive Independent Directors. The Composition and the role of the committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Two meetings of the Nomination and Remuneration Committee were held during the year 2015-16 as detailed hereunder:

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

Dates of meetings	No. of members attended
3 rd August 2015	3
12 th February 2016	3

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

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

7.2 Nomination and Remuneration Policy

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

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

periodically review the compensation of such Directors in relation to other comparable companies and other factors, the Committee deems appropriate. Proposed changes, if any, in the compensation of such Directors shall be reviewed by the Committee subject to approval of the Board.

- (iii) The Board will review the performance of a Director as per the structure of performance evaluation adopted by the Board for Directors including Executive Directors.
- (iv) The Committee will review from time to time Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management in the Company. The Company will keep succession planning and board diversity in mind in recommending any new name of Director for appointment to the Board.
- (v) The eligibility criteria for appointment of Key Managerial Personnel (KMPs) and other senior management personnel shall vary for different positions depending upon the job description of the relevant position. In particular, the position of KMPs shall be filled by senior personnel having relevant qualifications and experience. The Compensation structure for KMPs and other senior management personnel shall be as per Company's remuneration structure taking into account factors such as level of experience, qualification and suitability which shall be reasonable and sufficient to attract, retain and motivate them. The remuneration would be linked to appropriate performance benchmarks. The remuneration may consist of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

7.3 Remuneration paid to Directors

A. Executive Directors

The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Fund for the financial year ended 31st March, 2016 to the Vice Chairman & Managing Director and the Whole-time Director is as follows: Shri Harsh Pati Singhania, Rs. 3.69 crore plus Rs. 1.70 crore payable as commission and performance linked incentive as applicable; and Shri O. P. Goyal, Rs. 2.10 crore plus Rs. 0.30 crore payable as commission and performance linked incentive as applicable.

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

B. Non-Executive Directors

The Company has paid sitting fees aggregating to Rs. 13 lac to all Non-executive Directors for attending the meetings of the Board and/or Committees of Directors (including sitting fee for a separate meeting of Independent Directors), during the financial year 2015-16. In addition to sitting fees, commission of Rs. 20 lac is payable to Shri Bharat Hari Singhania, Chairman and Rs. 5 lac each to Shri Arun Bharat Ram, Shri Dharendra Kumar, Shri R.V.Kanoria, Shri Udayan Bose, Shri Sandip Somany, Shri Shailendra Swarup, Shri Wim Wienk, Shri M.H.Dalmia and Smt. Vinita Singhania. Number of Equity shares of Rs.10/- each of the Company held by the Non-Executive Directors: Smt. Vinita Singhania (87,500 Equity Shares) and Shri M.H. Dalmia (1,50,300 Equity Shares, held in his

name jointly with Ms. Abha Dalmia as Trustees of Mridu Hari Dalmia Parivar Trust).

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

8. Stakeholders' Relationship Committee

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

Four meetings of the said Committee were held during the year 2015-16 as detailed hereunder:

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

Dates of meetings	No. of members attended
16 th May 2015	3
3 rd August 2015	3
5 th November 2015	2
12 th February 2016	2

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

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

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

Ten investor complaints were received during the financial year ended 31st March 2016, out of which seven complaints were promptly resolved to the satisfaction of the investor concerned. For the

remaining three complaints, submitted by a single shareholder at the website of “SEBI Scores”, the Action Taken Report (ATR) had already been submitted by the Company on the said website during the quarter ended 31st March 2016, but the same were appearing thereat with the status “ATR/ Reply Sent and Pending with SEBI”. The Company has already taken requisite actions to resolve the said complaints but they stood unresolved on the said SEBI website at the end of the quarter on 31st March 2016.

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 2016, 12 meetings of the said Committee of Directors were held.

9. General Body Meetings

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

Year	Location	Date	Time
2012-13	P.O. Central Pulp Mills – 394 660 Fort Songadh, Distt. Tapi, Gujarat	17-08-2013	12.15 P.M.
2013-14	Same as above	27-09-2014	12.30 P.M.
2014-15	Same as above	24-09-2015	12.30 P.M.

- (ii) No Special Resolutions were required to be put through postal ballot last year. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

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

- (a) At the last Annual General Meeting of the Company held on 24th September 2015, Special Resolution was passed to re-appoint

and approve the terms of remuneration of the Whole-time Director of the company from 7th September 2015 till 30th September 2018.

- (b) At the Annual General Meeting of the Company held on 27th September 2014, Special Resolutions were passed:
- (i) to authorize the Board of Directors to borrow money upto an amount not exceeding Rs. 3,500 Crores.
 - (ii) to authorize the Board of Directors to create mortgage/charges on the properties of the Company in favour of the lenders upto an amount not exceeding Rs. 3,500 Crores.
 - (iii) to approve the acceptance of deposits by the Company.
 - (iv)&(v) to approve the payment of minimum remuneration to Vice Chairman & Managing Director and Whole-time Director, in case of no profits or inadequacy of profits in any financial year or years, during the residual tenure of their appointments.
 - (vi) to approve the continuation of the holding of office or place of profit by Sh. Shrivats Singhania, a related party, upon his redesignation, w.e.f. 1st October 2014, on specified terms of remuneration.

- (c) At the Annual General Meeting of the Company held on 17th August 2013, Special Resolution was passed unanimously to amend Clause 134(2) and insert new Clause 130B in the Articles of Association of the Company.

10. DISCLOSURES

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

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

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

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

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

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

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

- (iv) **Risk Management:** The Company has an

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

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

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

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

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

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

11. Means of Communication

Quarterly, half yearly and annual financial results are normally published in the English Newspaper

like Business Standard/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 website of the company “www.jkpaper.com”. Management Discussion & Analysis forms part of the Annual Report.

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

12. General Shareholders' Information

(i) Annual General Meeting (AGM):

(a) Date and Time: Wednesday, 14th September 2016 at 12.30 P.M.
Venue: P.O. Central Pulp Mills-394660, Fort Songadh, Distt. Tapi, Gujarat.

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

(ii) **Book Closure :** 8th September 2016 to 14th September 2016 (both days inclusive)

(iii) **Dividend Payment Date :** Within three weeks from AGM

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

Annual General Meeting for the year ending March 31, 2017 Between June and September 2017

(v) **Names and address of Stock Exchanges (including Stock Code) where equity shares of the Company are listed:** The Equity Shares of the Company are listed on the following Stock Exchanges :

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

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

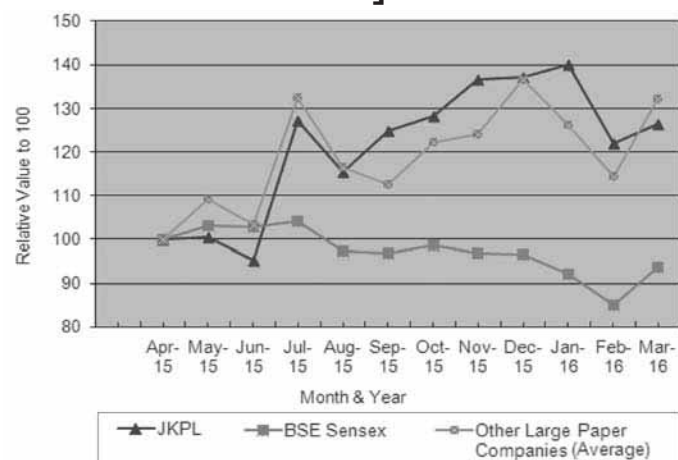
The annual listing fee for the financial year 2016-17 has been paid to both the aforesaid Stock Exchanges.

(vi) Stock Market Price Data :

Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2015				
April	38.00	31.95	38.00	31.05
May	37.00	31.90	37.00	31.70
June	34.90	30.30	34.45	30.50
July	44.50	31.95	44.25	31.90
August	46.80	34.25	46.80	34.20
September	45.60	35.00	45.75	35.00
October	44.75	40.25	44.75	40.10
November	48.90	41.55	48.00	40.50
December	49.50	42.95	49.50	42.15
2016				
January	49.85	42.60	50.00	42.55
February	49.45	40.30	48.45	40.15
March	44.55	41.00	44.75	40.60

(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 2015 to March 2016]:



(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 2016, 95.93% of the Company's Equity Share Capital was in dematerialised form.

In respect of Shares held in electronic form, all the requests for nomination, change of address and rematerialisation etc. are to be made only to the Depository Participant with whom

the Shareholders have opened their Demat Account. The Company will not be in a position to process such requests.

(ix) Share transfer system :

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

(x)(a) Distribution of Equity Shareholding (both in physical and electronic form) as on 31st March 2016:

Number of Equity Shares held	Shareholders		Shares Held	
	Number	%	Number	%
1 to 500	14,274	76.39	22,02,770	1.48
501 to 1,000	1,670	8.94	14,50,873	0.98
1,001 to 5,000	1,997	10.69	48,93,689	3.29
5,001 to 10,000	354	1.89	25,88,653	1.74
Over 10,000	390	2.09	13,73,94,640	92.51
Total	18,685	100.00	14,85,30,625	100.00

(b) Pattern of Equity Shareholding (both in physical and electronic form) as on 31st March 2016 :

Category	No. of Equity Shares held	Percentage of Shareholding
Domestic Companies	9,30,88,719	62.67
Resident Individuals & Trusts	3,49,73,734	23.55
Fls, Mutual Funds & Banks	61,99,412	4.17
Foreign Investors/ FIIs / NRIs	1,42,68,760	9.61
Total	14,85,30,625	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 3,94,82,824 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) Commodity price risk or foreign Exchange risk and hedging activities: During the financial year ended 31st March 2016, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts, swaps & options for hedging foreign exchange exposures against imports and exports.

(xiii) Plant locations :

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

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

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

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

(xv) This Corporate Governance Report of the Company for the financial year ended 31st March 2016 are in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.

(xvi) Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations- (a) Shareholder Rights: Half-yearly and other quarterly financial statements are published in newspapers and uploaded on Company's website www.jkpaper.com. At present, the half yearly financial performance and the summary of the significant events in last six months are not sent to each household of

shareholders; (b) Modified opinion(s) in audit report: The Company already has a regime of un-qualified financial statements. Auditors have raised no qualification on the financial statements. However they have drawn attention to a matter of emphasis in their report; (c) Separate posts of Chairperson and CEO: Sh. Bharat Hari Singhania is the Chairman of the Company and Sh. Harsh Pati Singhania is the Vice-Chairman & Managing Director of the Company; and (d) Reporting of Internal Auditor: The Head of Internal Audit of the Company administratively reports to the President. However, his Internal Audit Reports are placed before the Audit Committee.

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

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

There were no shares in the demat suspense account or unclaimed suspense account during the financial year 2015-16.

13. Declaration

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of JK Paper Limited" during the Financial Year ended 31st March 2016.

Harsh Pati Singhania
ViceChairman & Managing Director

14. Code for Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct to Regulate, Monitor and Report Trading by Insiders, in terms of the said Regulations.



AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of JK Paper Limited

We have examined the compliance of conditions of Corporate Governance by **JK Paper Limited** for the financial year ended on 31st March 2016, as stipulated in Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 with, in all material respect, with the conditions of Corporate Governance as stipulated in the above mentioned Regulations.

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 : May 6, 2016

INDEPENDENT AUDITOR'S REPORT

To
The Members,
JK Paper Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **JK Paper Limited (“the Company”)**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these Standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the

accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made

by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No.33 (b) of the Financial Statements regarding assets held for sale grouped under 'Other Current Assets' amounting to Rs. 157.57 Crores pending for disposal since September, 2013.

Our opinion is not qualified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of sub-section 2 of section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts

– Refer Note 5 and 8 to the financial statements.

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

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

Chartered Accountants

Firm Registration Number: 000756N

K.S. MEHTA

Partner

Membership Number: 008883

Place: New Delhi

Date: May 6, 2016

“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT

The Annexure as referred in paragraph (I) ‘Report on Other Legal and Regulatory Requirements’ of our Independent Auditors’ Report to the members of JK Papers Limited on the standalone financial statements for the year ended March 31, 2016, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management according to 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) The title deeds of immovable properties are held in the name of the Company, except in the following case:-

Particular	Total No. of Cases	Gross Book Value	Net Book Value
Free hold Land*	1	Rs. 2.89 Crore	Rs. 2.89 Crore

*Also refer Note No. 10(a)

- ii. We have been explained by the management that the inventory have been physically verified at reasonable intervals during the year. As far as we can ascertain and according to information and explanations given to us, the discrepancies, whenever material noticed on such physical verification of inventory as compared to book records were properly dealt within the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company.

- iv. According to the information and explanations given to us, the Company have complied with the provisions of section 185 and 186 of the Act with respect to the loans, investments made.
- v. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under with regard to deposits accepted from the public. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by Central Government for the maintenance of cost records under section 148(I) of the Act in respect to the Company's products to which said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, sales-tax, income tax, service tax, custom duty, excise duty, value added tax, cess and any other material statutory dues with the appropriate authorities to the extent applicable and further, there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at March 31, 2016.
- (b) According to the records and information and explanations given to us, there are no dues in respect of income tax, sales tax, service tax, duty of excise, duty of custom, or value added tax which have not been deposited on account of any dispute except as given below:

Name of the statute	Nature of dues	Period to which amount relates	Amount involved (Rs. in Crores)*	Forum where dispute is pending
Sales Tax Act	Sales Tax	1983-1984/1987-1988	0.05	Sales Tax Department, Delhi
		1997-1998	0.10	Sales Tax Tribunal, Cuttack
		2002-2003	0.01	Deputy Commissioner, Delhi
		2004-2005	0.46	High Court, Allahabad
		2005-2009	1.46	Additional Commissioner, Cuttack
		2005-2009	0.16	Sales Tax Tribunal, Cuttack
		2006-2007	1.05	High Court, Allahabad
		2006-2007	0.12	Gujarat Vat (Tribunal), Ahmedabad
		2007-2008 & 2008-2009	0.24	High Court, Allahabad
		2009-2010	0.08	High Court, Allahabad
		2012-2013	5.85	Additional Commissioner, Cuttack
Central Excise Act, 1944	Excise Duty	1981-1982/1982-1983	0.70	Deputy Commissioner Central Excise, Rayagada
		1982-1983	0.41	Supreme Court
		1986-1995	1.31	High Court, Cuttack
		2004-2007	0.07	CESTAT, Ahmedabad
		2005-2007	0.03	CESTAT, Ahmedabad
		2005-2010	0.05	CESTAT, Ahmedabad
		2007-2010	3.37	CESTAT, Ahmedabad
		2012-2014	0.16	CESTAT, Ahmedabad
		2011-2012	0.09	Commissioner (Appeals), Bhubaneswar
		2009-2010	0.08	CESTAT, Ahmedabad
		2010-2011	0.53	CESTAT, Ahmedabad
		2011-2012	0.18	CESTAT, Ahmedabad
		2008-2010	6.22	Commissioner Excise, Bhubaneswar
		2012-2013	0.21	Commissioner (Appeals), Surat
		2013-2014	0.19	Commissioner (Appeals), Surat
		2014-2015	0.09	Commissioner (Appeals), Surat
		2011-2012	0.08	Commissioner (Appeals), Surat
		2008-2012	0.73	Commissioner (Appeals), Surat
Custom Act	Custom Duty	2011-2012 & 2012-2013	0.72	CESTAT, Ahmedabad
Finance Act	Service Tax	2009-2010	0.31	Commissioner (Appeals), Surat
		2007 - 2009	0.15	CESTAT, Ahmedabad
Income Tax Act, 1961	Income Tax	2010-2011	0.46	CIT (Appeals)

***Net of payment**

- viii. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of loan or borrowing to any banks and financial institutions and dues to debenture/bond holders. The Company does not have any loans or borrowings from the government.
- ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt

instruments) during the year. The term loans have been applied for the purpose for which they were raised.

- x. According to the information and explanations given to us, no instance of fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the record of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. Based upon the audit procedures performed and the information and explanations given to us, the Company has made the preferential allotment of shares during the year under review. The requirement of section 42 of the Act have been complied with and the amount raised has been used for the purposes for which the funds were raised.

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

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

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

Chartered Accountants

Firm Registration Number: 000756N

K.S. MEHTA

Partner

Membership Number: 008883

Place: New Delhi

Date: May 6, 2016

“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF JK PAPER LIMITED.

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

We have audited the internal financial controls over financial reporting of JK Paper Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit.

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

Firm Registration Number: 000756N

K.S. MEHTA

Partner

Membership Number: 008883

Place: New Delhi

Date: May 6, 2016

BALANCE SHEET

AS AT 31ST MARCH, 2016

Rs. in Crore (10 Million)

	Note	31st March, 2016	31st March, 2015
EQUITY AND LIABILITIES :			
Shareholders' Funds			
Share Capital	2	148.53	136.62
Reserves & Surplus	3	750.11	641.38
		<u>898.64</u>	<u>778.00</u>
Non Current Liabilities			
Long Term Borrowings	4	1,437.24	1,598.28
Deferred Tax Liabilities (Net)		68.75	33.19
Other Long Term Liabilities	5	43.74	39.52
Long Term Provisions	6	3.59	1.79
		<u>1,553.32</u>	<u>1,672.78</u>
Current Liabilities			
Short Term Borrowings	7	128.29	244.19
Trade Payables		192.33	237.62
Other Current Liabilities	8	513.46	381.49
Short Term Provisions	9	13.94	1.19
		<u>848.02</u>	<u>864.49</u>
TOTAL		<u>3,299.98</u>	<u>3,315.27</u>
ASSETS :			
Non Current Assets			
Fixed Assets:			
Tangible Assets	10	2,291.96	2,293.12
Intangible Assets	11	2.51	3.68
Capital Work- in- Progress		19.55	27.46
		<u>2,314.02</u>	<u>2,324.26</u>
Non Current Investment	12	24.62	28.02
Long Term Loans and Advances	13	97.82	94.19
Other Non Current Assets	14	25.92	26.75
		<u>2,462.38</u>	<u>2,473.22</u>
Current Assets			
Current Investments	15	10.00	-
Inventories	16	337.71	373.58
Trade Receivables	17	139.18	145.92
Cash and Bank Balances	18	14.70	17.35
Short Term Loans and Advances	19	173.55	143.07
Other Current Assets	20	162.46	162.13
		<u>837.60</u>	<u>842.05</u>
TOTAL		<u>3,299.98</u>	<u>3,315.27</u>

Significant Accounting Policies

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

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 6th May, 2016

V.KUMARASWAMY
Chief Finance Officer

S.C.GUPTA
Company Secretary

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

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

For and on behalf of the Board

Chairman

Vice Chairman & Managing Director

Whole Time Director

SHAIENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors



STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH , 2016

Rs. in Crore (10 Million)

	Note	2015-16	2014-15
REVENUE :			
Sales		2,881.45	2,514.97
Less : Discounts		333.12	255.36
		2,548.33	2,259.61
Less : Excise Duty		126.65	121.06
Net Sales		2,421.68	2,138.55
Other Operating Revenue	21	33.04	20.28
Revenue from Operation		2,454.72	2,158.83
Other Income	22	14.75	12.15
Total Revenue [I]		2,469.47	2,170.98
EXPENSES :			
Cost of Materials Consumed	23	1293.18	1293.27
Purchases of Stock-in-Trade		171.30	66.39
Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	24	19.30	(25.33)
Employee Benefits Expense	25	182.24	151.60
Other Expenses	26	382.62	418.56
Total [II]		2048.64	1904.49
Profit before Interest, Depreciation & Tax (PBITD) [I - II]		420.83	266.49
Finance Costs	27	198.40	203.93
Depreciation and Amortization Expenses	28	107.31	113.59
Profit/(Loss) before Tax		115.12	(51.03)
Tax Expense :	45		
Current Tax (MAT)		23.63	-
Less : MAT Credit Entitlement		23.63	(1.29)
Net Current Tax (CY Rs. 38,211/-)		0.00	1.29
Provision/(Credit) for Deferred Tax		35.56	(39.58)
Profit/(Loss) After Tax		79.56	(12.74)
Earning per Equity Share (Rs.)	50		
Basic		5.56	(0.93)
Diluted		5.03	(0.93)
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.

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 6th May, 2016

V.KUMARASWAMY
Chief Finance Officer

S.C.GUPTA
Company Secretary

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

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

For and on behalf of the Board

Chairman

Vice Chairman & Managing Director

Whole Time Director

SHAIENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

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. The foreign exchange loss/gain on reporting of long-term foreign currency monetary items and forward contracts, held as on reporting date to be used for, or actually used for repayment of loan taken for depreciable assets, 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)
 - i) Revenue from operation is recognized when significant risk and reward of ownership is passed on to the customer.
 - ii) Interest Income is recognized on time proportion basis.
 - iii) Dividend Income on investment is accounted for when the right to receive the payment is established.
 - iv) Export incentives, Duty drawbacks and other benefits are recognized in the Statement of Profit and Loss. Project subsidy is credited to Capital Reserve.
 - v) Renewable Energy Certificate (REC) benefits are recognised in Statement of Profit & Loss on receipt of certificate from the relevant authority.
- 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. The ancillary costs incurred in connection with the arrangement of borrowings are amortised over the life of underlying borrowings.

- k) i) Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method over their useful lives as prescribed under Schedule II of Companies Act, 2013. Depreciation on additions due to exchange rate fluctuation is provided on the basis of residual life of the assets. Depreciation on assets costing up to Rs.5000/- and on Temporary Sheds is provided in full during the year of additions. Intangible Assets are amortised over their respective individual estimated useful lives 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 Operating/finance lease are accounted for in reference to lease terms.
- o) 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, 2016	31st March, 2015
Note 2		
Share Capital		
Authorised :		
Equity Shares - 20,00,00,000		
(Previous year - 20,00,00,000) of Rs.10 each	200.00	200.00
Redeemable Preference Shares - 3,00,00,000		
(Previous Year - 3,00,00,000) of Rs.100 each	300.00	300.00
	<u>500.00</u>	<u>500.00</u>
Issued, Subscribed and Paid-up :		
Equity Shares - 14,85,30,625 (Previous year 13,66,20,625)	148.53	136.62
of Rs.10 each fully paid up	<u>148.53</u>	<u>136.62</u>
Notes :		
(a) Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	13,66,20,625	13,66,20,625
Add : Shares issued during the year	1,19,10,000	-
Less : Shares bought back during the year	-	-
Shares outstanding at the end of the year	<u>14,85,30,625</u>	<u>13,66,20,625</u>
(b) Equity Shares:		
The equity shareholders have:-		
- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing general meeting.		
- The Company has only one class of Equity Shares having face value of 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.		
(c) List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers) :		
	31st March, 2016	31st March, 2015
Bengal & Assam Company Limited	3,64,18,299	3,28,43,299
J.K. Fenner (India) Limited	2,78,37,500	2,54,57,500
Florence Investech Limited	1,18,33,332	1,18,33,332
Trustees, JK Paper Employees Welfare Trust	1,15,39,710	1,16,81,112
International Finance Corporation	76,90,000	76,90,000

Rs. in Crore (10 Million)

Note 3

	As at 1st April, 2015	Additions	Transfers	As at 31st March, 2016
RESERVES AND SURPLUS				
Capital Reserve	29.92	-	-	29.92
Capital Redemption Reserve	3.00	-	-	3.00
Securities Premium Reserve	350.04	38.11 (a)	-	388.15
Debenture Redemption Reserve	1.48	-	1.48 (b)	-
Revaluation Reserve	2.92	-	0.29 (c)	2.63
General Reserve	43.53	57.29 (c)	-	100.82
Surplus in Statement of Profit & Loss (d)	210.49	15.10	-	225.59
	641.38	110.50	1.77	750.11
Previous Year	661.49	(10.43)	9.68	641.38

Notes :

- (a) During the year 1,19,10,000 Equity Shares have been issued at a premium of Rs. 32 per Share.
- (b) As per Rule 18 (10) of Companies (Share Capital & Debentures) Rules, 2014 Debenture Redemption Reserve is not required to be created, hence Rs. 1.48 Crore (Previous year Rs. Nil) has been reversed.
- (c) (i) Rs. 57.00 Crore (Previous year Rs. Nil) transferred from Surplus in Statement of Profit & Loss Account. (ii) Rs. 0.29 Crore (Previous year Rs. 0.29 Crore) transferred to General Reserve towards additional Depreciation arising out of revaluation of Fixed Assets.
- (d) Details of surplus in Statement of Profit and Loss from Previous year :

	As at 31st March, 2016	As at 31st March, 2015
Surplus in Statement of Profit and Loss from Previous year	210.49	223.23
Net Profit/(Loss) for the Current year	79.56	(12.74)
Debenture Redemption Reserve written back	1.48	-
Transfer to General Reserve	(57.00)	-
Dividend (e)	(7.43)	-
Corporate Dividend Tax	(1.51)	-
Surplus in Statement of Profit and Loss carried to Balance Sheet	225.59	210.49

- (e) Dividend proposed @ Re. 0.50 per Equity Share.

31st March, 2016

31st March, 2015

Note 4**LONG TERM BORROWINGS****SECURED**

Term Loans

- From Banks	1,335.93	1,440.71
- From Financial Institutions	137.97	115.58

UNSECURED

Foreign Currency Convertible Bonds (FCCB's)	262.84	236.28
Loan from Related Party	40.00	40.00
Public Deposits	17.14	11.33
Finance Lease obligation	0.34	0.76
	1,794.22	1844.66
Less : Current maturities of Long Term Borrowings		
Term Loans from Banks (Secured)	227.97	227.51
Term Loan from Financial Institutions (Secured)	8.64	12.85
Foreign Currency Convertible Bonds (FCCB's) (Unsecured)	116.40	-
Public Deposits (Unsecured)	3.63	5.60
Finance Lease obligation (Unsecured)	0.34	0.42
	356.98	246.38
Total	1,437.24	1598.28

Notes :

- A Term Loans of Rs 364.97 Crore (Fls – Rs 116.72 Crore and Banks Rs 248.25 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. 291.22 Crore (Fls - Rs. 116.72 Crore and Banks Rs. 174.50 Crore) are further secured by second charge on the current assets of the Company. These Term Loans are/shall be repayable as under :-
- 1 Term Loan of Rs. 0.66 Crore is repayable in 1 half-yearly instalment in June 2016,
 - 2 Term Loan of Rs. 11.06 Crore is repayable in 5 equal half-yearly instalments from June-2016 to June-2018,
 - 3 Term Loans aggregating to Rs. 320.00 Crore are repayable in total 117 quarterly instalments from September-2016 to October-2024,
 - 4 Term Loan of Rs. 33.25 Crore is repayable in 7 equal quarterly instalments from September-2016 to March-2018.
- B Term Loans of Rs. 1006.22 Crore (Fls – Rs. Nil and Banks Rs. 1006.22 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 be repayable as under :-
- 1 Term Loans aggregating to Rs. 561.55 Crore are repayable in total 110 quarterly instalments from May-2016 to March-2024,
 - 2 Term Loans aggregating to Rs. 444.67 Crore are repayable in total 54 half-yearly instalments from May-2016 to August-2023.
- C Term Loans aggregating to Rs 78.30 Crore (Fls – Rs. Nil and Banks Rs 78.30 Crore) is secured by means of first pari passu mortgage/charge on the fixed assets, both present and future, of Unit CPM of the company. These Term Loans are repayable in total 28 quarterly instalments from April-2016 to January-2021.
- D Term Loan of Rs. 21.25 Crore (Fls – Rs. 21.25 Crore, Banks Rs. Nil) is secured by equitable mortgage of townships of the subsidiaries of the company namely Jaykaypur Infrastructure & Housing Limited located at Jaykaypur, Rayagada and Songadh Infrastructure & Housing Limited located at Songadh, Tapi and are repayable in 73 monthly instalment from April-2016 to April-2022.
- E Term Loans aggregating to Rs. 3.16 Crore (Fl - Rs. Nil, Banks Rs. 3.16 Crore) are secured by the specific charge on the vehicles hypothecated against these loans. These term loans are repayable in total 106 monthly instalment from April-2016 to September-2020.
- F Certain charges are in the process of satisfaction. Secured Term Loans from Financial Institutions and Banks include Rs. 456.39 Crore foreign currency loans.
- G Finance Lease of Rs. 0.34 Crore is repayable in 3 quarterly instalments from June-2016 to December-2016.
- H 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.
- I Term Loan of Rs. 40 Crore from related party is repayable in 47 monthly installment from June 2018 to April 2022.
- J Public deposits are due for repayment in 2016-17, 2017-18 & 2018-19.



Note 5

OTHER LONG TERM LIABILITIES

	31st March, 2016	31st March, 2015
Trade Deposits	40.91	36.69
Interest accrued but not due on loans	2.83	1.46
Derivative Financial Instruments	-	1.37
	<u>43.74</u>	<u>39.52</u>

Note 6

LONG TERM PROVISIONS

Provision for Employee Benefits	3.59	1.79
	<u>3.59</u>	<u>1.79</u>

Note 7

SHORT TERM BORROWINGS

SECURED

Working Capital Borrowings from Bank	52.72	122.21
--------------------------------------	-------	--------

UNSECURED

Vendor Bill discounting	16.91	80.79
Buyer's Credit facilities from Bank	57.67	41.00
Public Deposits	0.99	0.19
	<u>128.29</u>	<u>244.19</u>

Note:

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

Note 8

OTHER CURRENT LIABILITIES

	31st March, 2016	31st March, 2015
Current maturities of Long Term Borrowings	356.98	246.38
Interest accrued but not due on Borrowings	19.24	18.37
Unclaimed Dividends #	0.15	0.18
Unclaimed Matured Deposits #	0.87	0.63
Unclaimed interest on Unclaimed Matured Deposits #	0.11	0.07
Loans and advances from related parties:		
JK Enviro-Tech Limited (Subsidiary)	-	1.45
Songadh Infrastructure & Housing Limited (Wholly Owned Subsidiary)	0.82	0.51
Advance from Customers	7.20	10.33
Statutory Dues	13.72	13.28
Derivative Financial Instruments	-	4.07
Capital Creditors	23.80	27.06
Other Payables	90.57	59.16
	<u>513.46</u>	<u>381.49</u>

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

Note 9

SHORT TERM PROVISIONS

Provision for Employee Benefits	5.00	1.19
Proposed Dividend	7.43	-
Tax on Proposed Dividend	1.51	-
	<u>13.94</u>	<u>1.19</u>

Note 10

TANGIBLE ASSETS

Description	GROSS BLOCK (b)					DEPRECIATION			NET BLOCK	
	As at 1 st Apr, 2015	Additions/ Adjustments	Sales/ Adjustments	As at 31 st Mar, 2016	Upto 31 st Mar, 2015	For the year	On Sales/ Adjustments	As at 31 st Mar, 2016	As at 31 st Mar, 2016	As at 31 st Mar, 2015
Land - Freehold (a) - Leasehold	9.89 0.17	- -	- -	9.89 0.17	- 0.03	- 0.00 (Rs. 21,488/-)	- -	- 0.03	9.89 0.14	9.89 0.14
Building	336.39	11.17	-	347.56	63.10	10.93	-	74.03	273.53	273.29
Plant & Equipment (c)	2,595.16	85.99	0.24	2,680.91	601.78	91.08	0.13	692.73	1,988.18	1,993.38
Furniture and Fixture	5.26	0.12	0.39	4.99	3.35	0.44	0.15	3.64	1.35	1.91
Office Equipment	17.49	1.49	0.24	18.74	12.68	1.58	0.21	14.05	4.69	4.81
Vehicles & Locomotive	14.49	8.03	2.83	19.69	6.87	1.88	1.39	7.36	12.33	7.62
Railway Siding	6.39	-	-	6.39	4.31	0.23	-	4.54	1.85	2.08
Total	2,985.24	106.80	3.70	3,088.34	692.12	106.14	1.88	796.38	2,291.96	2,293.12
Previous year	3,037.15	(48.43)	3.48	2,985.24	573.60	119.94	1.42	692.12	2,293.12	

Notes:

- a) Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees and cost of 34.72 acres land of Rs. 2.89 Crore for which title is yet to be transferred in name of the Company.
- b) Gross Block includes amount of revaluation { Note no. 33 (a)}.
- c) During the year Rs. 64.16 Crore has been added to Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year Rs. 113.56 Crore was deducted).

Note 11

INTANGIBLE ASSETS

Description	GROSS BLOCK				AMORTISATION			NET BLOCK	
	As at 1 st Apr, 2015	Additions/ Adjustments	Sales/ Adjustments	As at 31 st Mar, 2016	Upto 31 st Mar, 2015	For the year	On Sales/ Adjustments	As at 31 st Mar, 2016	As at 31 st Mar, 2015
Computer Software	13.35	-	-	13.35	9.67	1.17	-	10.84	2.51
Total	13.35	-	-	13.35	9.67	1.17	-	10.84	2.51
Previous year	13.35	-	-	13.35	8.50	1.17	-	9.67	3.68



		Rs. in Crore (10 Million)			
		31st March, 2016		31st March, 2015	
	Face Value Rs./Share	Nos.	Book Value	Nos.	Book Value
Note 12					
NON CURRENT INVESTMENTS					
Long Term Investments (At cost, other than trade)					
-	Quoted Equity Shares (fully paid up)				
	JK Lakshmi Cement Limited	5/-	1,91,000	0.46	1,91,000 0.46
	Udaipur Cement Works Limited	4/-	-	-	34,02,171 3.40
-	Unquoted Equity Shares (fully paid up)				
	JK Enviro-Tech Limited (Subsidiary)	10/-	16,33,135	6.71	16,33,135 6.71
	JK Paper Mills Employees' Co-operative Stores Limited	10/-	250	◆ 0.00	250 ◆ 0.00
	Songadh Infrastructure & Housing Limited (Wholly Owned Subsidiary)	10/-	49,50,600	4.95	49,50,600 4.95
	Jaykaypur Infrastructure & Housing Limited (Wholly Owned Subsidiary)	10/-	49,50,600	4.95	49,50,600 4.95
	Oji JK Packaging Pvt. Limited (Joint Venture)	10/-	1,25,90,000	12.59	1,25,90,000 12.59
-	Others				
			▲ 0.00		▲ 0.00
			29.66		33.06
Less : Provision for diminution in value of Investments			5.04		5.04
			24.62		28.02
Aggregate book value of quoted investments			0.46		3.86
Aggregate book value of unquoted investments			24.16		24.16
Aggregate market value of quoted investments			6.46		11.12
◆ Rs. 2,500/-					
▲ Others represent Investment in Government Securities of Rs. 3,000/-					

		Rs. in Crore (10 Million)	
		31st March, 2016	31st March, 2015
Note 13			
LONG TERM LOANS AND ADVANCES			
(Unsecured, Considered good)			
Capital Advances		0.64	0.88
Deposits with Government Authorities and Others		10.93	11.19
Loans and advances to related parties :			
Jaykaypur Infrastructure & Housing Limited (Wholly Owned Subsidiary)		27.50	28.50
Songadh Infrastructure & Housing Limited (Wholly Owned Subsidiary)		8.00	8.00
Other Loans & Advances :			
MAT Credit Entitlement		50.27	26.64
Others		0.48	18.98
		97.82	94.19

Rs. in Crore (10 Million)

31st March, 2016 31st March, 2015

Note 14

OTHER NON CURRENT ASSETS

Others

Un-amortised Ancillary costs on Loan	22.66	26.75
Derivative Financial Instruments	3.26	-
	<u>25.92</u>	<u>26.75</u>

31st March, 2016	31st March, 2015
Book	Book
Nos. Value	Nos. Value

Note 15

CURRENT INVESTMENTS

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

SBI Premier Liquid Fund - Regular Plan - Growth	42,141.66	10.00	-	-
		<u>10.00</u>		<u>-</u>
Aggregate book value of quoted investments		10.00		-
Aggregate market value of quoted investments		10.01		-

31st March, 2016 31st March, 2015

Note 16

INVENTORIES

(As certified by the Management)

Raw Materials #	164.54	179.68
Work-in-Progress @	23.59	22.30
Finished Goods	85.70	117.01
Stock in Trade	11.90	2.28
Stores & Spares #	51.98	52.31
	<u>337.71</u>	<u>373.58</u>

Includes Raw Materials in transit Rs. 5.91 Crore (Previous year Rs. 2.99 Crore) and Stores & Spares in transit Rs. 1.68 Crore (Previous year Rs. 2.09 Crore).

@ Includes Pulp in process Rs. 2.56 Crore (Previous year Rs. 4.80 Crore) and Semi Finished Goods Rs. 21.03 Crore (Previous year Rs. 17.50 Crore).



Rs. in Crore (10 Million)

31st March, 2016

31st March, 2015

Note 17

TRADE RECEIVABLES

UNSECURED

Exceeding six months (from due date) :

Considered Good	6.82	13.41
Considered Doubtful	13.09	19.18

Others

Considered Good	132.36	132.51
	152.27	165.10
Less: Provision for Doubtful Debts	13.09	19.18
	139.18	145.92

Note 18

CASH & BANK BALANCES

Cash & Cash Equivalents

Balance with Banks :

Current Accounts	7.24	9.46
Cheques/Drafts on hand	0.06	-
Cash on Hand	0.49	0.31

Other Bank Balances

Bank Deposits with original maturity of 12 months or more #	2.50	2.71
Unclaimed Dividend Accounts	0.15	0.18
Margin Money Deposits	4.26	4.69
	14.70	17.35

Includes Rs. 1.48 Crore (Previous year 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 (Subsidiary)	1.40	-
Jaykaypur Infrastructure & Housing Limited (Wholly Owned Subsidiary)	4.06	1.71

Others

Advances recoverable in cash or in kind or for value to be received	87.67	48.06
Interest accrued but not due	3.65	3.60
Advances to Employees	1.78	0.80
Advances to Suppliers	21.19	15.43
CENVAT Recoverable	50.24	69.07
Advance Income Tax/ Tax deducted at source (Net of Provision)	1.11	2.17
Other Deposits	2.45	2.23

Doubtful

Doubtful advances / loans	1.93	0.49
Less : Provision for doubtful advances / loans	1.93	0.49
	173.55	143.07

Rs. in Crore (10 Million)

31st March, 2016

31st March, 2015

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

Assets held for Sale	157.57	157.84
Un-amortised Ancillary costs on Loan	4.09	4.10
Derivative Financial Instruments	0.55	-
Deferred Premium on Forwards	0.25	0.19
	<u>162.46</u>	<u>162.13</u>

Note 21**OTHER OPERATING REVENUE**

Insurance charges recovered	1.49	0.15
Provisions of earlier years no longer required	1.00	-
Miscellaneous Income	30.55	20.13
	<u>33.04</u>	<u>20.28</u>

Note 22**OTHER INCOME**

Interest Income	8.91	8.66
Dividend Income	0.04	0.05
Net Gain on sale of Current Investments	0.16	2.34
Net Gain on sale of Non-Current Investments	0.02	1.10
Foreign Exchange Fluctuation	5.62	-
	<u>14.75</u>	<u>12.15</u>

Note 23**COST OF MATERIALS CONSUMED**

Hardwood & Bamboo	676.18	645.52
Pulp	237.35	279.75
Chemicals	282.51	275.38
Packing Material	97.14	92.62
	<u>1,293.18</u>	<u>1,293.27</u>

Note 24**CHANGES IN FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE****OPENING STOCK**

Finished Goods	117.01	75.81
Stock-In-Trade	2.28	4.24
Stock-In-Process	22.30	34.27
	<u>141.59</u>	<u>114.32</u>

CLOSING STOCK

Finished Goods	85.70	117.01
Stock-In-Trade	11.90	2.28
Stock-In-Process	23.59	22.30
	<u>121.19</u>	<u>141.59</u>
Add : Excise Duty on Variation of Stock	(1.10)	1.94
(Increase)/Decrease in Stock	<u>19.30</u>	<u>(25.33)</u>



Rs. in Crore (10 Million)

2015-16 2014-15

Note 25

EMPLOYEE BENEFITS EXPENSES

Salaries, Wages, Allowances, etc.	150.46	128.49
Contribution to Provident and Other Funds	13.23	6.43
Staff Welfare Expenses	18.55	16.68
	<u>182.24</u>	<u>151.60</u>

Note 26

OTHER EXPENSES

Consumption of Stores and Spares	53.17	43.92
Power, Fuel and Water	214.44	252.75
Repairs to Building	7.54	4.36
Repairs to Machinery	25.10	26.68
Rent (Net)	16.65	11.28
Insurance Premium	2.17	1.64
Rates and Taxes	0.55	0.84
Commission on Sales	4.20	2.51
Directors' fees	0.13	0.09
Directors' Commission	0.65	-
Premium on Forward Exchange Contracts	0.60	6.94
Foreign Exchange Fluctuation	-	4.70
Loss on Sale of Assets	0.25	0.21
Asset Written off	0.12	0.01
Provision for Doubtful Advances	1.44	-
Bad Debts	6.47	-
Less: Withdrawal from provision for doubtful debts	<u>6.28</u>	-
Provision for Doubtful Debts	0.18	5.05
Provision for Diminution in value of the investments		5.04
Less: Transfer from Securities Premium Reserve (Note no. 52)	-	(5.04)
Travelling and Other Misc. Expenses	55.24	57.58
	<u>382.62</u>	<u>418.56</u>

Note 27

FINANCE COSTS

Interest on :		
Term Loan and Public Deposits	163.28	167.21
Others	20.66	24.98
Other Borrowing Costs:		
Financial Charges	5.52	6.08
Premium on Forward Exchange Contracts	4.61	1.39
Lease rent on Machinery	0.07	0.11
Net Gain/Loss on Foreign currency transactions and translation	4.26	4.16
	<u>198.40</u>	<u>203.93</u>

Note 28

DEPRECIATION & AMORTISATION EXPENSE

Depreciation on Tangible Assets	106.14	118.71
Amortisation of Intangible Assets	1.17	1.17
Transfer to General Reserve	-	(6.29)
	<u>107.31</u>	<u>113.59</u>

29. Estimated amount of (i) contracts remaining to be executed on capital account (Net of Advances) are Rs. 4.69 Crore (Previous year Rs. 5.12 Crore), (ii) Balance of Investment committed Rs. 2.41 Crore (Previous year Rs. 2.41 Crore) and, (iii) Export commitments against import of capital goods under EPCG scheme Rs. 585.65 Crore (Previous year Rs. 747.52 Crore).

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

	Rs. in Crore (10 million)	
	31st March, 2016	31st March, 2015
a) Excise duty liability in respect of matters in appeals	14.85	14.31
b) Sales tax liability in respect of matters in appeals	0.48	0.72
c) Other Matters	11.42	11.36

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. 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 of the similar amount. As the matter is still pending in the court of law, the necessary adjustment, if any, would be made after its disposal.

32. 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.

33. a) 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 31.03.1994 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 31.03.1994.

b) The Assets of Rs. 157.57 Crore (Previous year Rs. 157.84 Crore) held for sale, disclosed under the heading of "Other Current Assets" consists of Old Pulp Mill, Recovery Island, Power Block (Coal Fired Boilers & TG Sets) and Old Lime Klin Plant based on lower of Written down value and estimated Net Realisable Value. The Management is actively pursuing for disposal of these assets.

34. a) Long Term Loans and Advances include concessional loan of Rs. Nil (previous year Rs. 18.98 crore). Short Term Loans and Advances include concessional loan of Rs. 18.98 Crore (previous year Rs. Nil), Normal loan of Rs. 2.00 Crore (Previous year Rs. 2.00 Crore) to JK Paper Employees' Welfare Trust, a shareholder of the Company, and loan to employees of Rs. 0.80 Crore (Previous year Rs. 0.37 Crore) in the ordinary course of business and as per service rules of the Company.

b) Long Term Loans and Advances includes loan of Rs. 35.50 Crore (previous year Rs. 36.50 crore) and Short Term Loans and Advances includes loan of Rs. 1.00 Crore (Previous year Rs. 1.00 Crore) to Housing Subsidiaries for general corporate purpose and loan of Rs. 1.00 Crore (Previous year Rs. Nil) to JK Enviro-Tech Ltd for general business purpose.

c) Advances recoverable in cash or in kind or for value to be received under "Short Term Loan and Advances" in Note No.19, includes Rs. 6.90 Crore (Previous Year Rs. 4.73 Crore) payments made for various development projects being undertaken by the Company. The same will be adjusted once these projects are finalised.

35. a) Sales include export incentives of Rs. 9.06 Crore (Previous year Rs. 6.38 Crore).

b) Discount includes Trade Discount Rs 69.79 Crore (Previous year Rs. 63.42 Crore).

36. 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	2015-16		2014-15	
		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	1.48	0.82	1.51	0.92
2.	Interest Cost	2.25	0.34	2.89	0.36
3.	Expected return on plan assets	(2.38)	-	(2.57)	-
4.	Actuarial (gains)/losses	3.66	1.27	(3.57)	0.70
5.	Past Service Cost	-	-	-	-
6.	Total expense	5.01	2.43	(1.74)	1.98
II	Net Assets/(Liability) recognized in the Balance Sheet				
1.	Present Value of Defined Benefit Obligation	31.04	5.32	28.24	4.72
2.	Fair Value of plan assets	27.77	-	29.98	-
3.	Funded status [Surplus/(Deficit)]	(3.27)	(5.32)	1.74	(4.72)
4.	Net Assets/(Liability) recognized	(3.27)	(5.32)	1.74	(4.72)
III	Change in obligation during the period				
1.	Present Value of Defined Benefit Obligation at the beginning of the period	28.24	4.72	30.97	4.41
2.	Current Service Cost	1.48	0.82	1.51	0.92
3.	Interest Cost	2.25	0.34	2.89	0.36
4.	Actuarial (gains)/losses	3.45	1.27	(2.38)	0.70
5.	Past Service Cost	-	-	-	-
6.	Benefits Paid	(4.38)	(1.83)	(4.75)	(1.67)
7.	Present Value of Defined Benefit Obligation at the end of the period	31.04	5.32	28.24	4.72
IV	Change in Assets during the period				
1.	Fair Value of plan assets at the beginning of the period	29.98	-	29.58	-
2.	Expected return on plan assets	2.38	-	2.57	-
3.	Contribution by employer	-	-	1.39	-
4.	Actual benefits paid	(4.38)	-	(4.75)	-
5.	Actuarial gains/(losses)	(0.21)	-	1.19	-
6.	Fair value of plan assets at the end of the period	27.77	-	29.98	-
7.	Actual return on plan assets	2.16	-	3.76	-
V	The major categories of plan assets as % of total plan				
	Mutual Funds	96%	-	73%	-
VI	Actuarial Assumptions:				
1.	Discount Rate	8.04%	8.04%	7.95%	7.95%
2.	Expected rate of return on plan assets	8.04%	-	7.95%	-
3.	Mortality	Indian Assured Lives Mortality (2006-08) Ultimate		Indian Assured Lives Mortality (2006-08) Ultimate	
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	5.00%		5.00%	

Rs. in Crore (10 million)

Particulars	Gratuity					Leave Encashment				
	2015-16	2014-15	2013-14	2012-13	2011-12	2015-16	2014-15	2013-14	2012-13	2011-12
Present Value of Defined Benefit Obligation	31.04	28.24	30.97	36.11	32.86	5.32	4.72	4.41	5.11	5.15
Fair Value of plan assets	27.77	29.98	29.58	33.30	32.91	-	-	-	-	-
Surplus/(Deficit)	(3.27)	1.74	(1.39)	(2.81)	0.05	(5.32)	(4.72)	(4.41)	(5.11)	(5.15)
Experience adjustments on Plan Liabilities (Gain)/Loss	3.62	(4.55)	2.69	0.26	0.59	1.30	0.30	1.24	(0.18)	(0.28)
Experience adjustments on Plan Assets (Gain)/Loss	0.22	(1.19)	0.67	(0.82)	(0.11)	-	-	-	-	-

- b) Defined Benefit Plans –
Gratuity Expense Rs. 5.01 Crore (Previous year Rs. (-) 1.74 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 44 below, Item “Contribution to Provident and Other Funds” Rs. 7.22 Crore (Previous year Rs. 7.21 Crore).
- c) Defined Contribution Plans –
Amount recognized as an expense and included in Note 25 Item “Contribution to Provident and Other Funds” Rs. 1.19 Crore (Previous year Rs. 1.21 Crore) for Superannuation Fund.
- d) Other long-term benefits –
Amount recognized as an expense and included in Note 25 Item “Salaries, Wages, Allowances etc.” Rs. 2.43 Crore (Previous year Rs. 1.98 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.

37. Interest Income includes Rs. 0.65 Crore (Previous year Rs 0.53 Crore) on Deposits with Banks, Rs. 0.01 Crore (Previous year Rs. 0.22 Crore) on Income Tax refund and Rs. 8.25 Crore (Previous year Rs. 7.91 Crore) on others.
38. a) Future minimum lease payments under non-cancelable operating leases as on 31st March, 2016 are Rs. 36.03 Crore - Rs. 6.18 Crore within one year and Rs. 24.70 Crore later than one year but not later than five years and Rs. 5.15 Crore after Five year (Previous year Rs. 42.20 Crore - Rs. 6.18 Crore within one year- Rs. 24.70 Crore later than one year but not later than five years and Rs. 11.32 Crore after Five year).
- b) Future minimum lease payments under non-cancelable Finance leases as on 31st March, 2016 are Rs. 0.35 Crore - Rs. 0.35 Crore within one year and Rs. Nil later than one year but not later than five years (Previous year Rs. 0.82 Crore - Rs. 0.47 Crore within one year and Rs. 0.35 Crore later than one year but not later than five years) and their present value as on 31st March, 2016 are Rs. 0.34 Crore - Rs. 0.34 Crore within one year and Rs. Nil later than one year but not later than five year (Previous year Rs.0.76 Crore - Rs. 0.42 Crore within one year and Rs. 0.34 Crore later than one year but not later than five year).
39. 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.

40. Consumption of Stores, Spares is net of scrap sale of Rs. 6.62 Crore (Previous year Rs. 6.62 Crore).

41. a) In accordance with Announcement issued by the Institute of Chartered Accountants of India all outstanding Derivatives except those covered under AS 11 (revised 2003) are marked to market on Balance Sheet date and there is gain of Rs. 0.32 Crore – reversal of previously recognised MTM Losses (Previous year gain of Rs. 0.36 Crore – reversal of previously recognised MTM Losses) which has been recognized in Statement of Profit and Loss.

b) Forward contract outstanding for purpose of hedging as at Balance Sheet date:

Sr. No	Foreign Currency	31st March, 2016		31st March, 2015	
		FC in Million	Rs. in Crore	FC in Million	Rs. in Crore
(i)	US Dollar	25.23	167.36	9.89	61.89
(ii)	Euro	-	-	15.80	106.67

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. 53.71 Crore (Previous year Rs.58.39 Crore).

d) Foreign currency exposure not hedged as at Balance Sheet date:

Sr. No	Foreign Currency	31st March, 2016		31st March, 2015	
		FC in Million	Rs. in Crore	FC in Million	Rs. in Crore
(i)	US Dollar*	8.20	54.39	23.92	149.71
(ii)	Euro	69.39	521.08	58.36	393.98
(iii)	GBP *	0.003	0.03	(0.04)	(0.36)
(iv)	SEK	0.06	0.05	-	-

* Net of Receivables USD 3.10 Million – Rs. 20.55 Crore (Previous year USD 3.45 Million – Rs. 21.59 Crore) and GBP Nil – Rs. Nil (Previous year GBP 0.04 Million -Rs. 0.36 Crore).

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

	Rs. in Crore (10 million)	
	2015-16	2014-15
(i) Revenue Expenditure*:		
1. Employee Cost	2.28	2.18
2. Cost of Materials	1.21	1.02
3. Other Expenses	0.58	0.33
Sub total (i)	4.07	3.53
(ii) Capital Expenditure	0.02	0.17
Total (i+ii)	4.09	3.70

* Included in respective revenue accounts.

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

	Rs. in Crore (10 million)	
	2015-16	2014-15
(i) Statutory Auditors :		
Audit Fee	0.18	0.13
Tax Audit Fee	0.02	0.02
Other Services	0.10	0.05
Reimbursement of expenses	0.02	0.02
	<u>0.32</u>	<u>0.22</u>
(ii) Cost Auditors :		
Audit Fee	0.01	-
Reimbursement of expenses	0.00	0.00
(CY Rs. 3,435/- & PY Rs. 13,689/-)	<u>0.01</u>	<u>0.00</u>

44. Expenses included under other heads of account:

	Rs. in Crore (10 million)	
	2015-16	2014-15
Salaries, Wages and Allowances etc.	5.09	5.96
Contribution to Provident and Other Funds	0.19	0.25
Employees' Welfare and Other benefits	0.44	0.53
Consumption of Stores and Spares	0.40	0.91
Power, Fuel and Water (CY Rs. Nil & PY Rs. 1,880/-)	0.00	0.00
Rent	0.08	0.25
Insurance	0.02	0.01
Rates and Taxes (CY Rs. 1,529/- & PY Rs. 26,960/-)	0.00	0.00
Royalty for Bamboo	-	0.56
Miscellaneous Expenses	4.86	8.86
	<u>11.08</u>	<u>17.33</u>

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

	Rs. in Crore (10 million)	
	31st March, 2016	31st March, 2015
(i) Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	(371.02)	(345.54)
(ii) Tax on carry forward unabsorbed Depreciation	285.75	294.71
(iii) Tax on Others	16.52	17.64
	<u>(68.75)</u>	<u>(33.19)</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.

c) During the current year the Company has provided Current Tax Rs. 38,211/- (Previous year Rs. Nil) and also reversed MAT credit Entitlement of Rs. Nil (previous year Rs. 1.29 Crore) related to earlier years.

46. Disclosure as required under 'Related Party Disclosures' (AS 18) are as below:

- a. List of Related Parties
- Subsidiaries (Wholly Owned)
 - Songadh Infrastructure & Housing Limited
 - Jaykaypur Infrastructure & Housing Limited
 - Subsidiary
 - JK Enviro-Tech Limited
 - Habras International (Singapore) Pte Ltd. (w.e.f 24th of February 2016), (Subsidiary of JK Enviro-Tech Limited)
 - Joint Venture
 - Oji JK Packaging Private Limited
 - Associate of
 - Bengal & Assam Company Limited
 - Enterprise over which KMP's have significant influence
 - Nav Bharat Vanijya Limited
 - Sago Trading Limited
 - Key Management Personnel (KMP)
 - Shri Harsh Pati Singhania
 - Shri Om Prakash Goyal
 - Shri V. Kumaraswamy
 - Shri S.C. Gupta
 - Vice Chairman & Managing Director
 - Whole-time Director
 - Chief Finance Officer
 - Company Secretary

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

Rs. in Crore (10 million)

Sr. No	Nature of Transactions	Subsidiaries (Wholly Owned)	
		2015-16	2014-15
(i)	Reimbursement of Expenses – Paid (PY Rs. 16,456/-)	-	0.00
(ii)	Reimbursement of Expenses – Received	2.92	0.81
(iii)	Rent Paid	8.31	8.26
(iv)	Interest received	3.68	3.34
(v)	Loans given	-	35.50
(vi)	Loan installment received	1.00	1.75
(vii)	Outstanding at end of the period - Receivable	38.74	37.69

Sr. No	Nature of Transactions	Subsidiary	
		2015-16	2014-15
(i)	Interest received	0.02	-
(ii)	Loan Given	1.00	-
(iii)	Advance Given	0.40	-
(iv)	Outstanding at end of the year – Receivable	1.40	-
	– Payable	-	1.45

Sr. No	Nature of Transactions	Joint Venture	
		2015-16	2014-15
(i)	Equity Contribution	-	2.99
(ii)	Reimbursement of Expenses – Received	0.04	0.01
(iii)	Outstanding at end of the period - Receivable	-	0.01

Sr. No	Nature of Transactions	Associate	
		2015-16	2014-15
(i)	Interest & Processing Fee Paid	5.31	5.32
(ii)	Rent Paid	0.04	0.04
(iii)	Reimbursement of Expenses – Received (PY Rs. 17,622/-)	-	0.00
(iv)	Loan Received	-	80.00
(v)	Loan Repaid	-	40.00
(vi)	Equity Contribution Received	15.02	-
(vii)	Outstanding at end of the year - Payable	42.42	41.11

Sr. No	Nature of Transactions	Enterprise over which KMP's have significant influence	
		2015-16	2014-15
(i)	Reimbursement of Expenses – Received	0.09	0.12
(ii)	Sale of Assets	-	0.22
(iii)	Rent Paid	0.45	0.40
(iv)	Reimbursement of Expenses – Paid	4.88	6.01
(v)	Security Deposit Paid	0.35	-
(vi)	Equity Contribution Received	5.00	-
(vii)	Sale of paper	4.41	-
(viii)	Interest on sales bill (CY Rs. 18,141/-)	0.00	-
(ix)	Outstanding at end of the period - Receivable	0.73	-

Key Management Personnel (KMP) :

The remuneration paid to Vice Chairman & Managing Director Rs. 5.39 Crore (Previous year Rs. 3.03 Crore) and Whole Time Director Rs. 2.40 Crore (Previous year Rs. 1.76 Crore). The remuneration paid to Chief Finance Officer Rs. 1.50 Crore (Previous year Rs. 1.15 Crore) and Company Secretary Rs. 0.45 Crore (Previous year Rs. 0.36 Crore). The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

47. Investment in Joint Venture (Disclosure as per AS-27 on Financial Reporting of Interest in Joint Ventures)

Name	Proportion of ownership interest	Financial Statements as on	Status
Oji JK Packaging Private Limited, India	20%	31st March, 2016	Un-audited

Proportionate amount in respect of Oji JK Packaging Private Limited, India

Rs. in Crore (10 million)

31st March 2016

31st March 2015

Balance Sheet

Reserves & Surplus	(9.00)	(4.19)
Non Current Liabilities	12.66	14.46
Current Liabilities	9.42	2.11
Non Current Assets	21.17	21.99
Current Assets	4.49	2.99



	2015-16	2014-15
Statement of Profit and Loss		
Operating Income	6.06	1.28
Other Income	0.10	0.14
Total Revenue	6.16	1.42
Cost of Raw Material Consumed	5.01	1.13
Changes in Inventories of Finished Goods & WIP	(0.15)	(0.13)
Employee Benefits Expenses	1.49	1.05
Other Expenses	1.79	1.38
Total Expenditure	8.14	3.43
Profit before Interest, Depreciation & Tax (PBIDT)	(1.98)	(2.01)
Finance Costs	1.37	0.78
Depreciation and Amortization Expenses	1.45	1.01
Profit/(Loss) before Tax	(4.80)	(3.80)
Tax Expense	-	0.10
Profit/(Loss) after Tax	(4.80)	(3.90)

48. The Company had allotted 1,19,10,000 Equity Shares of Rs. 10/- each on preferential basis to the Promoter and constituents of the Promoter Group for cash at a price of Rs. 42/- each (including a premium of Rs. 32/- each) on 16th September, 2015. The proceeds of the said issue have been used towards augmenting the Net Worth of the Company.
49. Several High Courts have stayed the retrospective nature of amendment in The Payment of Bonus Act (Amendment), 2015 with effect from 1st April, 2014. The Company has consequently not made any provision for Bonus for the year 2014-15 (Rs. 3.45 Crore) in the current financial year.
50. Earnings Per Share:

	Rs. in Crore (10 million)	
	31st March, 2016	31st March, 2015
a) Profit/(Loss) after tax for Basic Earnings Per Shares	79.56	(12.74)
Add : Interest on Foreign Currency Convertible Bonds (Net of Tax)	12.29	12.11
Profit for Diluted Earnings Per Share	91.85	(0.63)
b) Weighted average No. of Ordinary Shares		
- Basic	14,30,63,740	13,66,20,625
- Effect of Conversion Option	3,94,82,824	3,63,16,875
- Diluted	18,25,46,564	17,29,37,500

	31 st March, 2016	31 st March, 2015
c) Nominal Value of Ordinary Share (Rs.)	10.00	10.00
Earnings per Ordinary Share (Rs.)		
- Basic	5.56	(0.93)
- Diluted (Previous year anti dilutive)	5.03	(0.93)

51. Other Particulars:

	2015-16	Rs. in Crore (10 million) 2014-15
a) Earnings in Foreign Exchange:		
(i) Export of goods at FOB Value	241.75	187.54
b) CIF Value of Imports :		
(i) Raw Materials	272.94	354.54
(ii) Stores and Spares	21.78	22.03
(iii) Capital Goods	0.28	9.08
(iv) Others – Paper	153.85	59.05
	<u>448.85</u>	<u>444.70</u>
c) Expenditure in Foreign Currency on account of:		
(i) Interest Expenses	27.63	29.45
(ii) Consultancy	3.02	2.03
(iii) Royalty	0.33	0.31
(iv) Others	1.70	1.83
	<u>32.68</u>	<u>33.62</u>

	2015-16		2014-15	
	Rs. in Crore (10 million)	% of Total	Rs. in Crore (10 million)	% of Total
d) Raw Materials, Stores and Spares consumed:				
(i) Raw Materials				
- Imported	314.04	24.28	378.01	29.19
- Indigenous	979.14	75.72	917.19	70.81
	<u>1,293.18</u>	<u>100.00</u>	<u>1,295.20</u>	<u>100.00</u>
ii) Stores and Spares:				
- Imported	22.67	37.66	14.11	15.38
- Indigenous	37.52	62.34	77.64	84.62
	<u># 60.19</u>	<u>100.00</u>	<u># 91.75</u>	<u>100.00</u>

includes Rs. 6.62 Crore Scrap sale (Previous Year Rs. 6.62 Crore) and Rs. 0.40 Crore grouped under Note No. 44 in other heads of account (Previous Year Rs. 0.91 Crore).



52. Pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Gujarat under section 391 to 394 of the Companies Act 1956, w.e.f 10th April 2015, there was diminution in value of the investments made in the shares of JK Enviro-Tech Limited of Rs. 5.04 Crore in Previous year.
53. 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 6th May, 2016

V.KUMARASWAMY
Chief Finance Officer

S.C.GUPTA
Company Secretary

B.H. SINGHANIA

H.P. SINGHANIA

O.P. GOYAL

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

For and on behalf of the Board

Chairman

Vice Chairman & Managing Director

Whole Time Director

SHAIENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

Rs. in Crore (10 Million)

	2015-16	2014-15
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/ (Loss) before Tax and Extra-ordinary Items	115.12	(51.03)
Adjustments for :		
Depreciation	107.31	113.59
Income from Investments	(0.18)	(3.44)
(Profit)/ Loss on Sale of Assets (Net)	0.25	0.21
Dividend Income	(0.04)	(0.05)
Finance Cost	198.40	203.93
Interest Income	(8.91)	(8.66)
Foreign Exchange Fluctuation	(5.62)	4.70
Premium on Forward Exchange Contracts	0.60	6.94
Assets Written off	0.12	0.01
Bad Debts	0.19	-
Provision for Doubtful Debts	0.18	5.05
Provision for Doubtful Advances	1.44	-
Provision for earlier years no longer required	(1.00)	-
Operating Profit before Working Capital Changes	407.86	271.25
Adjustments for Working Capital Changes:		
Trade and Other Receivables	(2.22)	30.20
Inventories	35.87	(82.07)
Trade and Other Payables	(12.05)	32.86
Cash generated from Operations	429.46	252.24
Taxes paid	(22.57)	1.73
Net Cash from Operating Activities	406.89	253.97
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(37.50)	(123.95)
Sale of Fixed Assets	1.45	1.84
Sale/(Purchase) of Investments (Net)	(6.42)	65.97
Dividend Income	0.04	0.05
Interest Received	8.86	6.07
Net Cash from Investing Activities	(33.57)	(50.02)



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

Rs. in Crore (10 Million)

	2015-16	2014-15
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Equity Share Capital	50.02	-
Proceeds of Long-term Borrowings	114.01	404.85
Repayment of Long-term Borrowings	(232.97)	(413.07)
Proceeds/(Repayment) from Short-term Borrowings (Net)	(115.90)	25.14
Interest and Financial Charges	(191.10)	(211.83)
Dividend (including Dividend Tax)	(0.03)	(0.03)
Net cash from Financing Activities	(375.97)	(194.94)
D. Increase/(Decrease) in Cash and Cash Equivalents		
- Cash & Bank Balance	(2.65)	9.01
E. Cash and Cash Equivalents as at the beginning of the year		
- Cash & Bank Balances (Note No. 18)	17.35	8.34
F. Cash and Cash Equivalents as at the close of the year		
- Cash & Bank Balances (Note No. 18)	14.70	17.35

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 6th May, 2016

V.KUMARASWAMY

Chief Finance Officer

S.C.GUPTA

Company Secretary

B.H. SINGHANIA

H.P. SINGHANIA

O.P. GOYAL

ARUN BHARAT RAM

DHIRENDRA KUMAR

M.H.DALMIA

R.V.KANORIA

For and on behalf of the Board

Chairman

Vice Chairman & Managing Director

Whole Time Director

SHAIENDRA SWARUP

UDAYAN BOSE

VINITA SINGHANIA

WIM WIENK

Directors

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement Containing salient features of the financial statement of Subsidiaries/ Associate Companies/ Joint Ventures

Part - "A" : Subsidiaries

Rs. in Crore (10 Million)

Sl. No	Particulars	Jaykaypur Infrastructure & Housing Limited	Songadh Infrastructure & Housing Limited	JK Enviro-Tech Limited (Consolidated)
1	Financial Year ended on	31st March, 2016	31st March, 2016	31st March, 2016
2	Reporting Currency	Indian Rupees	Indian Rupees	Indian Rupees
3	Share Capital	4.95	4.95	1.65
4	Reserve & Surplus/ (Accumulated Losses)	(1.30)	1.10	0.20
5	Total Assets	39.36	15.35	3.30
6	Total Liabilities	39.36	15.35	3.30
7	Investments	-	-	-
8	Total Turnover	5.40	2.61	0.09
9	Profit/ (Loss) before tax	(0.73)	0.27	0.02
10	Provision for Income Tax	1.01	0.37	0.01
11	Profit/ (Loss) after tax	(1.74)	(0.11)	0.01
12	Proposed Dividend	-	-	-
13	% of Shareholding	100%	100%	98.98%

Part - "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1	Name of Joint Venture Company	OJL JK Packaging Private Limited
2	Financial Year ended on	31st March, 2016
3	% of Shareholding	20%
4	Investment in Joint Venture	Rs. 12.59 Crore
	Extent of Holding %	20%
5	Description of how there is significant influence	Based on Shareholding
6	Reason why the Joint Venture is not consolidated	Not Applicable
7	Net worth attributable to Share Holding as per latest Un-Audited Balance sheet	Rs. 3.59 Crore
8	Profit/Loss for the year	Loss of Rs. 24.07 Crore
	i) Considered in consolidation	Loss of Rs. 4.81 Crore (20%)
	ii) Not Considered in consolidation	Loss of Rs. 19.26 Crore

For and on behalf of the Board

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

Chairman
Vice Chairman & Managing Director
Whole Time Director

V.KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Company Secretary

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

SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

New Delhi,
the 6th May, 2016

INDEPENDENT AUDITOR'S REPORT

To
The Members
JK Paper Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **JK Paper Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and jointly controlled entity, comprising of the consolidated balance sheet as at March 31, 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of

the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated 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 financial control relevant to the Holding Company's preparation 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to

provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and jointly controlled entity as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No.34 (b) of the accompanying consolidated Financial Statements regarding assets held for sale grouped under 'Other Current Assets' amounting to Rs. 157.57 Crores pending for disposal since September, 2013.

Our opinion is not qualified in respect of the above matter.

Other Matters

- (a) We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets of Rs. 58.01 Crores as at 31st March, 2016, total revenues of Rs. 8.11 Crores and net cash inflows amounting to Rs. 0.93 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of one jointly controlled entity whose financial statements reflect total assets of Rs. 128.32 Crores as at 31st March, 2016, total revenues of Rs. 30.79 Crores and net cash outflows

amounting to Rs. 0.69 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and certified & furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the jointly controlled entity, is based solely on such unaudited & management certified financial statements. In our opinion and according to the information and explanations given to us by the Management, the financial statements of this jointly controlled entity is not material to the Group. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and financial statement certified by the management.

Report on Other Legal and Regulatory Requirements

- I. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, and management certificate in respect of jointly controlled entity, none of the directors of the Group and jointly controlled entity incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group,

and jointly controlled entity Refer to Note 31 to the consolidated financial statements;

- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts, Refer Note 5 & 8 to the consolidated financial statements in respect of such items as it relates to the Group, and jointly controlled entity.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and jointly controlled entity.

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

Chartered Accountants

Firm Registration Number: 000756N

K. S. MEHTA

Partner

Membership Number: 008883

Place: New Delhi

Date: May 6, 2016

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JK PAPER LIMITED

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of JK Paper Limited (‘the Holding Company’) and its subsidiary companies (the Holding Company and its subsidiaries together referred to as “the Group”) and jointly controlled entity, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Group and jointly controlled entity internal financial controls over financial reporting based on our audit.

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Group and Jointly controlled entity incorporated in India have maintained, in all material respects, an adequate internal financial controls system

over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

- a. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.
- b. In our aforesaid reports we are unable to comment under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one jointly controlled entity which are company incorporated in India for which no corresponding report of the auditors of such companies is available as the accounts are management certified.

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

Chartered Accountants

Firm Registration Number: 000756N

K. S. MEHTA

Partner

Membership Number: 008883

Place: New Delhi

Date: May 6, 2016

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2016

		Rs. in Crore (10 Million)	
	Note	31st March, 2016	31st March, 2015
EQUITY AND LIABILITIES :			
Shareholders' Funds			
Share Capital	1	148.53	136.62
Reserves & Surplus	2	741.08	638.99
		<u>889.61</u>	<u>775.61</u>
Minority Interest		0.02	0.02
Non Current Liabilities			
Long Term Borrowings	3	1,449.87	1,612.71
Deferred Tax Liabilities (Net)		70.28	33.19
Other Long Term Liabilities	4	43.74	39.52
Long Term Provisions	5	3.62	1.81
		<u>1,567.51</u>	<u>1,687.23</u>
Current Liabilities			
Short Term Borrowings	6	134.45	245.21
Trade Payables		193.66	238.23
Other Current Liabilities	7	515.65	380.65
Short Term Provisions	8	13.98	1.20
		<u>857.74</u>	<u>865.29</u>
TOTAL		<u>3,314.88</u>	<u>3,328.15</u>
ASSETS :			
Non Current Assets			
Fixed Assets:			
Tangible Assets	9	2,363.54	2,365.84
Intangible Assets	10	2.86	4.09
Capital Work- in- Progress		20.18	27.46
		<u>2,386.58</u>	<u>2,397.39</u>
Non Current Investment	11	0.46	3.86
Long Term Loans and Advances	12	62.36	57.73
Other Non Current Assets	13	25.92	26.75
		<u>2,475.32</u>	<u>2,485.73</u>
Current Assets			
Current Investments	14	10.00	-
Inventories	15	338.95	374.35
Trade Receivables	16	140.46	146.25
Cash and Bank Balances	17	15.97	17.83
Short Term Loans and Advances	18	171.72	141.86
Other Current Assets	19	162.46	162.13
		<u>839.56</u>	<u>842.42</u>
TOTAL		<u>3,314.88</u>	<u>3,328.15</u>

The accompanying Notes are an integral part of the Financial Statements.
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 6th May, 2016

V.KUMARASWAMY
Chief Finance Officer
S.C.GUPTA
Company Secretary

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

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

For and on behalf of the Board

Chairman
Vice Chairman & Managing Director
Whole Time Director

SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors



CONSOLIDATED STATEMENT OF PROFIT AND LOSS **FOR THE YEAR ENDED 31ST MARCH, 2016**

Rs. in Crore (10 Million)

	Note	2015-16	2014-15
REVENUE :			
Sales		2,887.87	2,516.33
Less : Discounts		333.12	255.36
		2,554.75	2,260.97
Less : Excise Duty		127.01	121.14
Net Sales		2,427.74	2,139.83
Other Operating Revenue	20	33.04	20.28
Revenue from Operation		2,460.78	2,160.11
Other Income	21	11.25	8.96
Total Revenue [I]		2,472.03	2,169.07
EXPENSES :			
Cost of Materials Consumed	22	1,298.19	1,294.40
Purchases of Stock-in-Trade		171.30	66.39
Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	23	19.15	(25.46)
Employee Benefits Expense	24	183.84	152.75
Other Expenses	25	380.07	413.64
Total [II]		2,052.55	1,901.72
Profit before Interest, Depreciation & Tax (PBITD) [I - II]		419.48	267.35
Finance Costs	26	199.77	205.35
Depreciation and Amortization Expenses	27	109.83	115.76
Profit/(Loss) before Exceptional Items and Tax		109.88	(53.76)
Exceptional Items		-	(5.82)
Profit/(Loss) before Tax		109.88	(59.58)
Tax Expense :	36		
Current Tax (MAT)		23.50	0.26
Less : MAT Credit Entitlement		23.63	(1.29)
Net Current Tax		(0.13)	1.55
Provision/(Credit) for Deferred Tax		37.09	(42.71)
Profit/(Loss) After Tax before Minority Interest		72.92	(18.42)
Less : Minority Interest (CY Rs. 767/-)		0.00	(0.03)
Profit/(Loss) for the year		72.92	(18.39)
Earning per Equity Share (Rs.)	39		
Basic		5.10	(1.35)
Diluted		4.67	(1.35)

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

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

Chairman
Vice Chairman & Managing Director
Whole Time Director

Partner
Membership No. 008883
New Delhi,
the 6th May, 2016

V.KUMARASWAMY
Chief Finance Officer
S.C.GUPTA
Company Secretary

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

SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
WIM WIENK

Directors

	31st March, 2016	Rs. in Crore (10 Million) 31st March, 2015
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 - 14,85,30,625 (Previous year 13,66,20,625)	148.53	136.62
of Rs.10 each fully paid up		
	<u>148.53</u>	<u>136.62</u>
Notes :		
(a) Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	13,66,20,625	13,66,20,625
Add : Shares issued during the year	11,910,000	-
Less : Shares bought back during the year	-	-
Shares outstanding at the end of the year	<u>14,85,30,625</u>	<u>13,66,20,625</u>
(b) Equity Shares:		
The equity shareholders have:-		
- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing general meeting.		
- The Company has only one class of Equity Shares having face value of 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.		
(c) List of shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers)		
	31st March, 2016	31st March, 2015
Bengal & Assam Company Limited	3,64,18,299	3,28,43,299
J.K. Fenner (India) Limited	2,78,37,500	2,54,57,500
Florence Investech Limited	1,18,33,332	1,18,33,332
Trustees, JK Paper Employees Welfare Trust	1,15,39,710	1,16,81,112
International Finance Corporation	76,90,000	76,90,000



Rs. in Crore (10 Million)

Note 2

	As at 1st April, 2015	Additions	Transfers	As at 31st March, 2016
RESERVES AND SURPLUS				
Capital Reserve	29.92	-	-	29.92
Capital Redemption Reserve	3.00	-	-	3.00
Securities Premium Reserve	350.04	38.11 (a)	-	388.15
Debenture Redemption Reserve	1.48	-	1.48 (b)	-
Revaluation Reserve	2.92	-	0.29 (c)	2.63
General Reserve	43.52	57.29 (c)	-	100.81
Surplus in Statement of Profit & Loss (e)	208.11	8.46	-	216.57
Foreign Currency Translation Reserve	-	(0.00) (d)	-	(0.00)
	638.99	103.86	1.77	741.08
Previous Year	663.57	(14.89)	9.69	638.99

Notes :

- (a) During the year 1,19,10,000 Equity Shares have been issued at a premium of Rs. 32 per Share.
- (b) As per Rule 18 (10) of Companies (Share Capital & Debentures) Rules, 2014 Debenture Redemption Reserve is not required to be created, hence Rs. 1.48 Crore (Previous year Rs. Nil) has been reversed.
- (c) (i) Rs. 57.00 Crore (Previous year Rs. Nil) transferred from Surplus in Statement of Profit & Loss Account. (ii) Rs. 0.29 Crore (Previous year Rs. 0.29 Crore) transferred to General Reserve towards additional Depreciation arising out of revaluation of Fixed Assets.
- (d) Loss of Rs. 9,996/- relates to adjustment for translation of Non Integral Foreign Operations of Habras International (Singapore) Pte Ltd., a Subsidiary of JK Paper Limited.
- (e) Details of surplus in Statement of Profit and Loss from Previous year :

	As at 31st March, 2016	As at 31st March, 2015
Surplus in Statement of Profit and Loss from Previous year	208.11	225.31
Net Profit/ (Loss) for the Current year	72.92	(18.39)
Pursuant to the Scheme of Arrangement	-	1.19
Debenture Redemption Reserve written back	1.48	-
Transfer to General Reserve	(57.00)	-
Dividend (f)	(7.43)	-
Corporate Dividend Tax	(1.51)	-
Surplus in Statement of Profit and Loss carried to Balance Sheet	216.57	208.11

- (f) Dividend proposed @ Re. 0.50 per Equity Share.

Rs. in Crore (10 Million)

31st March, 2016

31st March, 2015

Note 3**LONG TERM BORROWINGS****SECURED**

Term Loans

- From Banks	1,335.93	1,440.71
- From Financial Institutions	137.97	115.58

UNSECURED

Foreign Currency Convertible Bonds (FCCB's)	262.84	236.28
Loan from Related Party	40.00	40.00
Public Deposits	17.14	11.33
Finance Lease obligation	0.34	0.76
	1794.22	1844.66
Share of Joint Venture	14.43	14.43
	1,808.65	1,859.09

Less : Current maturities of Long Term Borrowings

Term Loans from Banks (Secured)	227.97	227.51
Term Loan from Financial Institutions (Secured)	8.64	12.85
Foreign Currency Convertible Bonds (FCCB's) (Unsecured)	116.40	-
Public Deposits (Unsecured)	3.63	5.60
Finance Lease obligation (Unsecured)	0.34	0.42
Share of Joint Venture	1.80	-
	358.78	246.38
Total	1,449.87	1,612.71

Notes :

- A Term Loans of Rs. 364.97 Crore (Fls – Rs. 116.72 Crore and Banks Rs. 248.25 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. 291.22 Crore (Fls - Rs. 116.72 Crore and Banks Rs. 174.50 Crore) are further secured by second charge on the current assets of the Company. These Term Loans are/shall be repayable as under :-
- 1 Term Loan of Rs. 0.66 Crore is repayable in 1 half-yearly instalment in June 2016,
 - 2 Term Loan of Rs. 11.06 Crore is repayable in 5 equal half-yearly instalments from June-2016 to June-2018,
 - 3 Term Loans aggregating to Rs. 320.00 Crore are repayable in total 117 quarterly instalments from September-2016 to October-2024,
 - 4 Term Loan of Rs. 33.25 Crore is repayable in 7 equal quarterly instalments from September-2016 to March-2018.
- B Term Loans of Rs. 1006.22 Crore (Fls – Rs. Nil and Banks Rs. 1006.22 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets, both present and future, of Unit JKPM of the company. These Term Loans are/shall be repayable as under :-
- 1 Term Loans aggregating to Rs. 561.55 Crore are repayable in total 110 quarterly instalments from May-2016 to March-2024,
 - 2 Term Loans aggregating to Rs. 444.67 Crore are repayable in total 54 half-yearly instalments from May-2016 to August-2023.

- C Term Loans aggregating to Rs. 78.30 Crore (Fls – Rs. Nil and Banks Rs. 78.30 Crore) is secured by means of first pari passu mortgage/charge on the fixed assets, both present and future, of Unit CPM of the company. These Term Loans are repayable in total 28 quarterly instalments from April-2016 to January-2021.
- D Term Loan of Rs. 21.25 Crore (Fls – Rs. 21.25 Crore, Banks Rs. Nil) is secured by equitable mortgage of townships of the subsidiaries of the company namely Jaykaypur Infrastructure & Housing Limited located at Jaykaypur, Rayagada and Songadh Infrastructure & Housing Limited located at Songadh, Tapi and are repayable in 73 monthly instalment from April-2016 to April-2022.
- E Term Loans aggregating to Rs. 3.16 Crore (Fl - Rs. Nil, Banks Rs. 3.16 Crore) are secured by the specific charge on the vehicles hypothecated against these loans. These term loans are repayable in total 106 monthly instalment from April-2016 to September-2020.
- F Certain charges are in the process of satisfaction. Secured Term Loans from Financial Institutions and Banks include Rs. 456.39 Crore foreign currency loans.
- G Finance Lease of Rs. 0.34 Crore is repayable in 3 quarterly instalments from June-2016 to December-2016.
- H 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.
- I Term Loan of Rs. 40 Crore from related party is repayable in 47 monthly installment from June 2018 to April 2022.
- J Public deposits are due for repayment in 2016-17, 2017-18 & 2018-19.
- K Term Loan of Rs. 14.43 Crore is repayable in 16 equal quarterly instalments from October-2016 to April-2020.

	Rs. in Crore (10 Million)	
	31st March, 2016	31st March, 2015
Note 4		
OTHER LONG TERM LIABILITIES		
Trade Deposits	40.91	36.69
Interest accrued but not due on loans	2.83	1.46
Derivative Financial Instruments	-	1.37
	<u>43.74</u>	<u>39.52</u>

Note 5		
LONG TERM PROVISIONS		
Provision for Employee Benefits	3.59	1.79
Share of Joint Venture	0.03	0.02
	<u>3.62</u>	<u>1.81</u>

Rs. in Crore (10 Million)

31st March, 2016

31st March, 2015

Note 6**SHORT TERM BORROWINGS
SECURED**

Working Capital Borrowings from Bank	52.72	122.21
--------------------------------------	-------	--------

UNSECURED

Vendor Bill discounting	16.91	80.79
-------------------------	-------	-------

Buyer's Credit facilities from Bank	57.67	41.00
-------------------------------------	-------	-------

Public Deposits	0.99	0.19
-----------------	------	------

	128.29	244.19
--	--------	--------

Share of Joint Venture	6.16	1.02
------------------------	------	------

	134.45	245.21
--	--------	--------

Note :

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

Note 7**OTHER CURRENT LIABILITIES**

Current maturities of Long Term Borrowings	358.78	246.38
--	--------	--------

Interest accrued but not due on Borrowings	19.24	18.37
--	-------	-------

Unclaimed Dividends #	0.15	0.18
-----------------------	------	------

Unclaimed Matured Deposits #	0.87	0.63
------------------------------	------	------

Unclaimed interest on Unclaimed Matured Deposits #	0.11	0.07
--	------	------

Other Liabilities		
-------------------	--	--

Advance from Customers	7.20	10.33
------------------------	------	-------

Statutory Dues	14.11	13.67
----------------	-------	-------

Derivative Financial Instruments	-	4.07
----------------------------------	---	------

Capital Creditors	23.94	27.06
-------------------	-------	-------

Other Payables	90.62	59.19
----------------	-------	-------

	515.02	379.95
--	--------	--------

Share of Joint Venture	0.63	0.70
------------------------	------	------

	515.65	380.65
--	--------	--------

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

Note 8**SHORT TERM PROVISIONS**

Provision for Employee Benefits	5.00	1.19
---------------------------------	------	------

Proposed Dividend	7.43	-
-------------------	------	---

Tax on Proposed Dividend	1.51	-
--------------------------	------	---

	13.94	1.19
--	-------	------

Share of Joint Venture	0.04	0.01
------------------------	------	------

	13.98	1.20
--	-------	------

Note 9

TANGIBLE ASSETS

Rs. in Crore (10 Million)

Description	GROSS BLOCK (b)				DEPRECIATION			NET BLOCK	
	As at 1 st Apr, 2015	Additions/ Adjustments	Sales/ Adjustments	As at 31 st Mar, 2016	Upto 31 st Mar, 2015	For the year	On Sales/ Adjustments	As at 31 st Mar, 2016	As at 31 st Mar, 2015
Land - Freehold (a)	16.87	-	-	16.87	-	-	-	16.87	16.87
- Leasehold	12.18	-	-	12.18	1.05	0.21	-	10.92	11.13
Building	372.06	11.79	-	383.85	66.53	11.58	-	78.11	305.53
Plant & Equipment (c)	2,595.17	85.99	0.24	2,680.92	601.79	91.08	0.13	692.74	1,993.38
Furniture and Fixture	6.13	0.14	0.39	5.88	3.72	0.52	0.15	4.09	2.41
Office Equipment	18.32	1.54	0.27	19.59	13.05	1.72	0.22	14.55	5.27
Vehicles & Locomotive	14.49	8.04	2.83	19.70	6.87	1.88	1.39	7.36	7.62
Railway Siding	6.39	-	-	6.39	4.31	0.23	-	4.54	2.08
	3,041.61	107.50	3.73	3,145.38	697.32	107.22	1.89	802.65	2,344.29
Share of Joint Venture	22.53	0.72	0.11	23.14	0.98	1.35	0.00 (Rs. 13,609/)	20.81	21.55
Total	3,064.14	108.22	3.84	3,168.52	698.30	108.57	1.89	804.98	2,365.84
Previous year	3,166.48	(98.83)	3.51	3,064.14	594.66	105.07	1.43	698.30	2,365.84

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 of Rs. 2.89 Crore for which title is yet to be transferred in name of the Company.
- Gross Block includes amount of revaluation {Note no. 34 (a)}
- During the year Rs. 64.16 Crore has been added to Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year Rs. 113.56 Crore was deducted).

Note 10

INTANGIBLE ASSETS

Rs. in Crore (10 Million)

Description	GROSS BLOCK				AMORTISATION			NET BLOCK	
	As at 1 st Apr, 2015	Additions/ Adjustments	Sales/ Adjustments	As at 31 st Mar, 2016	Upto 31 st Mar, 2015	For the year	On Sales/ Adjustments	As at 31 st Mar, 2016	As at 31 st Mar, 2015
Computer Software	13.35	-	-	13.35	9.67	1.17	-	10.84	3.68
Share of Joint Venture	0.45	0.03	-	0.48	0.04	0.09	-	0.13	0.41
Total	13.80	0.03	-	13.83	9.71	1.26	-	10.97	4.09
Previous year	13.35	0.45	-	13.80	8.50	1.21	-	9.71	4.09

		Rs. in Crore (10 Million)			
		31 st March, 2016		31 st March, 2015	
	Face Value Rs./Share	Nos.	Book Value	Nos.	Book Value
Note 11					
NON CURRENT INVESTMENTS					
Long Term Investments (At cost, other than trade)					
- Quoted Equity Shares (fully paid up)					
JK Lakshmi Cement Limited	5/-	1,91,000	0.46	1,91,000	0.46
Udaipur Cement Works Limited	4/-	-	-	34,02,171	3.40
- Unquoted Equity Shares (fully paid up)					
JK Paper Mills Employees' Co-operative Stores Limited	10/-	250	* 0.00	250	* 0.00
- Others			♦ 0.00		♦ 0.00
			<u>0.46</u>		<u>3.86</u>
Aggregate book value of quoted investments			0.46		3.86
Aggregate book value of unquoted investments			▲ 0.00		▲ 0.00
Aggregate market value of quoted investments			6.46		11.12
*Rs. 2,500/-					
♦Others represent Investment in Government Securities of Rs. 3,000/-					
▲Rs. 5,500/-					

		Rs. in Crore (10 Million)	
		31 st March, 2016	31 st March, 2015
Note 12			
LONG TERM LOANS AND ADVANCES			
(Unsecured, Considered good)			
Capital Advances		0.64	0.88
Deposits with Government Authorities and Others		10.94	11.19
Other Loans & Advances :			
MAT Credit Entitlement		50.27	26.64
Others		0.48	18.98
		<u>62.33</u>	<u>57.69</u>
Share of Joint Venture		0.03	0.04
		<u>62.36</u>	<u>57.73</u>

Note 13
OTHER NON CURRENT ASSETS
Others

Un-amortised Ancillary costs on Loan	22.66	26.75
Derivative Financial Instruments	3.26	-
	<u>25.92</u>	<u>26.75</u>



Note 14

CURRENT INVESTMENTS

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

SBI Premier Liquid Fund - Regular Plan - Growth

Aggregate book value of quoted investments
Aggregate market value of quoted investments

31 st March, 2016		Rs. in Crore (10 Million) 31 st March, 2015	
Nos.	Book Value	Nos.	Book Value
42,141.66	10.00	-	-
	<u>10.00</u>		<u>-</u>
	10.00		-
	10.01		-

Note 15

INVENTORIES

(As certified by the Management)

	31 st March, 2016	31 st March, 2015
Raw Materials #	164.54	179.68
Work-in-Progress @	23.59	22.30
Finished Goods	85.70	117.01
Stock-in-Trade	11.90	2.28
Stores & Spares #	51.98	52.31
	<u>337.71</u>	<u>373.58</u>
Share of Joint Venture	1.24	0.77
	<u>338.95</u>	<u>374.35</u>

Includes Raw Materials in transit Rs. 5.91 Crore (Previous year Rs. 2.99 Crore) and Stores & Spares in transit Rs. 1.68 Crore (Previous year Rs. 2.09 Crore).

@ Includes Pulp in process Rs. 2.56 Crore (Previous year Rs. 4.80 Crore) and Semi Finished Goods Rs. 21.03 Crore (Previous year Rs. 17.50 Crore).

Note 16

TRADE RECEIVABLES

UNSECURED

Exceeding six months (from due date)

Considered Good	6.82	13.41
Considered Doubtful	13.09	19.18
Others		
Considered Good	132.36	132.51
	<u>152.27</u>	<u>165.10</u>
Less: Provision for Doubtful Debts	13.09	19.18
	<u>139.18</u>	<u>145.92</u>
Share of Joint Venture	1.28	0.33
	<u>140.46</u>	<u>146.25</u>

Rs. in Crore (10 Million)

31st March, 2016 31st March, 2015

Note 17

CASH & BANK BALANCES

Cash & Cash Equivalents

Balance with Banks :

Current Accounts	7.49	9.67
Cheques/Drafts on hand	0.06	-
Cash on Hand	0.49	0.32

Other Bank Balances

Bank Deposits with original maturity of 12 months or more #	3.39	2.71
Unclaimed Dividend Accounts	0.15	0.18
Margin Money Deposits	4.26	4.69
	15.84	17.57
Share of Joint Venture	0.13	0.26
	15.97	17.83

Includes Rs. 1.48 Crore (Previous year Rs. 1.34 Crore) pledged with Government Authorities.

Note 18

SHORT TERM LOAN AND ADVANCES

(Unsecured, Considered Good)

Others

Advances recoverable in cash or in kind or for value to be received	89.64	48.07
Interest accrued but not due	0.80	0.70
Advances to Employees	1.78	0.80
Advances to Suppliers	21.19	15.43
CENVAT Recoverable	50.25	69.07
Advance Income Tax/ Tax deducted at source (Net of Provision)	3.76	3.93
Other Deposits	2.45	2.23

Doubtful

Doubtful advances / loans	1.93	0.49
Less : Provision for doubtful advances / loans	1.93	0.49
	169.87	140.23
Share of Joint Venture	1.85	1.63
	171.72	141.86

Note 19

OTHER CURRENT ASSETS

Others

Assets held for Sale	157.57	157.84
Un-amortised Ancillary costs on Loan	4.09	4.10
Derivative Financial Instruments	0.55	-
Deferred Premium on Forwards	0.25	0.19
	162.46	162.13



Rs. in Crore (10 Million)
2015-16 2014-15

Note 20

OTHER OPERATING REVENUE

Insurance charges recovered	1.49	0.15
Provisions of earlier years no longer required	1.00	-
Miscellaneous Income	30.55	20.13
	<u>33.04</u>	<u>20.28</u>

Note 21

OTHER INCOME

Interest Income	5.31	5.33
Dividend Income	0.04	0.05
Net Gain on sale of Current Investments	0.16	2.34
Net Gain on sale of Non-Current Investments	0.02	1.10
Foreign Exchange Fluctuation	5.62	-
	<u>11.15</u>	<u>8.82</u>
Share of Joint Venture	0.10	0.14
	<u>11.25</u>	<u>8.96</u>

Note 22

COST OF MATERIALS CONSUMED

Hardwood & Bamboo	676.18	645.52
Pulp	237.35	279.75
Chemicals	282.51	275.38
Packing Material	97.14	92.62
	<u>1,293.18</u>	<u>1,293.27</u>
Share of Joint Venture	5.01	1.13
	<u>1,298.19</u>	<u>1,294.40</u>

Note 23

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

Finished Goods	117.01	75.81
Stock-In-Trade	2.28	4.24
Stock-In-Process	22.30	34.27
	<u>141.59</u>	<u>114.32</u>

CLOSING STOCK

Finished Goods	85.70	117.01
Stock-In-Trade	11.90	2.28
Stock-In-Process	23.59	22.30
	<u>121.19</u>	<u>141.59</u>

Add : Excise Duty on Variation of Stock

(Increase) / Decrease in Stock

	(1.10)	1.94
	19.30	(25.33)
Share of Joint Venture	(0.15)	(0.13)
	<u>19.15</u>	<u>(25.46)</u>

Note 24

EMPLOYEE BENEFITS EXPENSE

Salaries, Wages, Allowances, etc.	150.55	128.58
Contribution to Provident and Other Funds	13.24	6.44
Staff Welfare Expenses	18.56	16.68
	<u>182.35</u>	<u>151.70</u>
Share of Joint Venture	1.49	1.05
	<u>183.84</u>	<u>152.75</u>

Note 25

Rs. in Crore (10 Million)

OTHER EXPENSES

	2015-16	2014-15
Consumption of Stores and Spares	53.17	43.92
Power, Fuel and Water	214.44	252.75
Repairs to Building	10.33	6.03
Repairs to Machinery	25.10	26.68
Rent (Net)	8.64	3.27
Insurance Premium	2.18	1.65
Rates and Taxes	0.65	0.85
Commission on Sales	4.20	2.51
Directors' fees	0.15	0.09
Directors' Commission	0.65	-
Premium on Forward Exchange Contracts	0.60	6.94
Foreign Exchange Fluctuation	-	4.70
Loss on Sale of Assets	0.26	0.22
Asset Written off	0.12	0.01
Provision for Doubtful Advances	1.44	-
Bad Debts	6.47	-
Less: Withdrawal from provision for doubtful debts	6.28	-
Provision for Doubtful Debts	0.18	5.05
Provision for Diminution in value of the investments	-	5.04
Less: Transfer from Securities Premium Reserve	-	(5.04)
Travelling and Other Misc. Expenses	55.98	57.59
	378.28	412.26
Share of Joint Venture	1.79	1.38
	380.07	413.64

Note 26**FINANCE COSTS**

Interest on :		
Term Loan and Public Deposits	163.28	167.85
Others	20.66	24.98
Other Borrowing Costs:		
Financial Charges	5.52	6.08
Premium on Forward Exchange Contracts	4.61	1.39
Lease rent on Machinery	0.07	0.11
Net Gain/Loss on Foreign currency transactions and translation	4.26	4.16
	198.40	204.57
Share of Joint Venture	1.37	0.78
	199.77	205.35

Note 27**DEPRECIATION & AMORTISATION EXPENSE**

Depreciation on Tangible Assets	107.22	119.88
Amortisation of Intangible Assets	1.17	1.17
Transfer to General Reserve	-	(6.30)
	108.39	114.75
Share of Joint Venture	1.44	1.01
	109.83	115.76

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, 2016;
- i) Subsidiaries:

Name	Proportion of ownership interest	Financial Statements as on	Status
Jaykaypur Infrastructure & Housing Limited, India	100%	31st March, 2016	Audited
Songadh Infrastructure & Housing Limited, India	100%	31st March, 2016	Audited
JK Enviro-tech Limited, India	98.98%	31st March, 2016	Audited
Habras International (Singapore) Pte Ltd, Singapore*	98.98%	31st March, 2016	Audited

* Subsidiary of JK Enviro-Tech Limited, India

- ii) Joint Venture:

Name	Proportion of ownership interest	Financial Statements as on	Status
Oji JK Packaging Private Limited, India	20%	31st March, 2016	Un-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 Joint Venture Company has adopted the proportionate consolidation method in accordance with Accounting Standard (AS-27) – “Financial Reporting of Interest in Joint Ventures”.
- d) In case of foreign subsidiary, being non-integral operations, revenue items are consolidated at the average exchange rate during the year. All assets and liabilities are translated at year end exchange rate. The resulting exchange differences are accumulated in the Foreign Currency Translation Reserve.
- e) The summary of share of Net Assets and Profit/(Loss) of Subsidiaries and Joint Venture :

Rs. in Crore (10 Million)

Name of the Entity	Net Asset i.e Total Assets minus Total liabilities		Share in Profit/(Loss)	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
Susidiaries				
Jaykaypur infrastructure & Housing Limited	0.41%	3.65	(2.39%)	(1.74)
Songadh Infrastructure & housing Limited	0.68%	6.05	(0.14%)	(0.11)
JK Envirotech Limited (Consolidated)	0.21%	1.83	0.01%	0.01
Minority Interest				
JK Enviro-Tech Limited (Consolidated)	0.002%	0.02	0.0001%	0.0001
Joint Venture				
Oji JK Packaging Private Limited	0.40%	3.59	(6.60%)	(4.81)

- f) The Accounting Policies of the Parent Company, its Subsidiaries and Joint Venture are largely similar, hence not be re-produced.
- g) 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. Trade Payable includes Rs. 0.79 Crore (Previous year Rs. 0.39 Crore), Capital work in progress includes Rs. 0.02 Crore (Previous year Rs. 0.02 Crore), Sales includes Rs. 6.42 Crore (Previous year Rs. 1.36 Crore), Excise includes Rs. 0.36 Crore (Previous year Rs. 0.08 Crore) and Deferred Tax Credit includes Rs. Nil (Previous year Rs. 0.10 Crore) for share of Joint Venture.

30 Estimated amount of (i) contracts remaining to be executed on capital account (Net of Advances) Rs. 4.72 Crore (Previous year Rs. 5.14 Crore) including share of Joint Venture Rs. 0.03 Crore (Previous year Rs. 0.02 Crore), (ii) Balance of Investment committed Rs. 2.41 Crore (Previous year Rs. 2.41 Crore) and, (iii) Export commitments against import of capital goods under EPCG scheme Rs. 585.65 Crore (Previous year Rs. 747.52 Crore).

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

	Rs. in Crore (10 million)	
	31st March, 2016	31st March, 2015
a) Excise duty liability in respect of matters in appeals	14.85	14.31
b) Sales tax liability in respect of matters in appeals	0.48	0.72
c) Other Matters	11.42	11.36

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.

32 Jaykaypur Infrastructure & Housing Limited and Songadh Infrastructure & Housing Limited extended mortgage of Township in favour of HDFC Limited for Rs. 40 Crore Loan availed by Bengal & Assam Company Limited.

33 Segment Reporting:

The Company has identified business segment as the primary segment, after considering all the relevant factors. The Company's manufactured products are sold primarily within India hence there is no reportable geographical segment. The Company's operation predominantly relates to manufacture of Paper & Boards. Other Business Segment comprises activities for providing housing facilities to the employees engaged in Paper & Board manufacturing business. These operations are insignificant in the context of total turnover; hence same has been shown as "Others".

Rs. in Crore (10 million)							
Sl. No.	Particulars	For the year ended 31st March 2016			For the year ended 31st March 2015		
		Paper & Board	Others	Total	Paper & Board	Others	Total
A	Segment Revenue						
	External Revenue	2,454.72	6.06	2,460.78	2,158.83	1.28	2160.11
	Inter Segment Revenue	-	8.01	8.01	-	8.02	8.02
	Total Revenue	2,454.72	14.07	2,468.79	2,158.83	9.30	2168.13
B	Segment Result						
	Segment results (PBIT excluding Exceptional items)	298.77	(0.37)	298.40	140.75	1.88	142.63
	Less : (i) Interest & Financial Charges (Net)			199.77			205.35
	(ii) Exceptional Items			-			5.82
	(iii) Other Un-alloted Expenditure (net off Un-alloted Income)			(11.25)			(8.96)
	Total Profit/(Loss) before Tax (PBT)			109.88			(59.58)
C	Capital Employed						
	Segment Assets	3,299.98	14.90	3,314.88	3,315.27	12.88	3,328.15
	Segment Liabilities	2,401.34	23.91	2,425.25	2,537.27	15.25	2,552.52
	Capital Expenditure	106.80	1.45	108.25	(72.85)	21.65	(51.20)
	Depreciation & Amortisation	107.31	2.52	109.83	113.59	2.17	115.76
	Net Cash Expenses other than Depreciation	-	-	-	-	-	-

- 34 a) 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 31.03.1994 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 31.03.1994.
- b) The Assets of Rs. 157.57 Crore (Previous year Rs. 157.84 Crore) held for sale, disclosed under the heading of "Other Current Assets" consists of Old Pulp Mill, Recovery Island, Power Block (Coal Fired Boilers & TG Sets) and Old Lime Klin Plant based on lower of Written down value and estimated Net Realisable Value. The Management is actively pursuing for disposal of these assets.
- 35 a) Long Term Loans and Advances include concessional loan of Rs. Nil (previous year Rs. 18.98 crore). Short Term Loans and Advances include concessional loan of Rs. 18.98 Crore (previous year Rs. Nil), Normal loan of Rs. 2.00 Crore (Previous year Rs. 2.00 Crore) to JK Paper Employees' Welfare Trust, a shareholder of the Company, and loan to employees of Rs. 0.80 Crore (Previous year Rs. 0.37 Crore) in the ordinary course of business and as per service rules of the Company.
- b) Advances recoverable in cash or in kind or for value to be received under "Short Term Loan and Advances" in Note No.18, includes Rs. 6.90 Crore (Previous Year Rs. 4.73 Crore) payments made for various development projects being undertaken by the Company. The same will be adjusted once these projects are finalised.
36. a) Pursuant to the Accounting Standard (AS 22) - 'Accounting for Taxes on Income', deferred tax (liability)/asset at Balance Sheet date is:

	Rs. in Crore (10 million)	
	31 st March, 2016	31 st March, 2015
i) Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	(372.89)	(345.54)
ii) Tax on carry forward unabsorbed Depreciation	286.08	294.71
iii) Tax on Others	16.53	17.64
	<u>(70.28)</u>	<u>(33.19)</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.
- c) During the current year the Company has provided Current Tax Rs. 38,211/- (Previous year Rs. Nil) and also reversed MAT credit Entitlement of Rs. Nil (previous year Rs. 1.29 Crore) related to earlier years.

37. Disclosure as required under 'Related Party Disclosures' (AS 18) are as below:

- a) List of Related Parties
- Associate of
 - Bengal & Assam Company Limited.
 - Enterprise over which KMP's have significant influence
 - Nav Bharat Vanijya Limited
 - Sago Trading Limited
 - Key Management Personnel (KMP)

- Shri Harsh Pati Singhania	- Vice Chairman & Managing Director
- Shri Om Prakash Goyal	- Whole-time Director
- Shri V. Kumaraswamy	- Chief Finance Officer
- Shri S.C. Gupta	- Company Secretary.

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	Associate	
		2015-16	2014-15
(i)	Interest & Processing Fee Paid	5.31	5.32
(ii)	Rent Paid	0.04	0.04
(iii)	Reimbursement of Expenses – Received (PY Rs. 17,622/-)	-	0.00
(iv)	Loan Received	-	80.00
(v)	Loan Repaid	-	40.00
(vi)	Equity Contribution Received	15.02	-
(vii)	Outstanding at end of the year - Payable	42.42	41.11

Sl. No	Nature of Transactions	Enterprise over which KMP's have significant influence	
		2015-16	2014-15
(i)	Reimbursement of Expenses – Received	0.09	0.12
(ii)	Sale of Assets	-	0.22
(iii)	Rent Paid	0.45	0.40
(iv)	Reimbursement of Expenses – Paid	4.88	6.01
(v)	Security Deposit Paid	0.35	-
(vi)	Equity Contribution Received	5.00	-
(vii)	Sale of paper	4.41	-
(viii)	Interest on sales bill (CY Rs. 18,141/-)	0.00	-
(ix)	Outstanding at end of the period - Receivable	0.73	-

Key Management Personnel (KMP) :

The remuneration paid to Vice Chairman & Managing Director Rs. 5.39 Crore (Previous year Rs. 3.03 Crore) and Whole Time Director Rs. 2.40 Crore (Previous year Rs. 1.76 Crore). The remuneration paid to Chief Finance Officer Rs. 1.50 Crore (Previous year Rs. 1.15 Crore) and Company Secretary Rs. 0.45 Crore (Previous year Rs. 0.36 Crore). The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

- 38 Several High Courts have stayed the retrospective nature of amendment in The Payment of Bonus Act (Amendment), 2015 with effect from 1st April, 2014. The Company has consequently not made any provision for Bonus for the year 2014-15 (Rs. 3.45 Crore) in the current financial year.



39. Earnings Per Share:

	31st March, 2016	Rs. In Crore (10 million) 31st March, 2015
(a) Profit/(Loss) after tax for Basic Earnings Per Shares	72.92	(18.39)
Add : Interest on Foreign Currency Convertible Bonds (Net of Tax)	12.29	12.11
Profit for Diluted Earnings Per Share	85.21	(6.28)
(b) Weighted average No. of Ordinary Shares		-
- Basic	14,30,63,740	13,66,20,625
- Effect of Conversion Option	3,94,82,824	3,63,16,875
- Diluted	18,25,46,564	17,29,37,500
(c) Nominal Value of Ordinary Share (Rs.)	10.00	10.00
(d) Earnings per Ordinary Share (Rs.)		
- Basic	5.10	(1.35)
- Diluted (Previous year anti dilutive)	4.67	(1.35)

40. 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 6th May, 2016

V.KUMARASWAMY

Chief Finance Officer

S.C.GUPTA

Company Secretary

B.H. SINGHANIA

H.P. SINGHANIA

O.P. GOYAL

ARUN BHARAT RAM

DHIRENDRA KUMAR

M.H.DALMIA

R.V.KANORIA

For and on behalf of the Board

Chairman

Vice Chairman & Managing Director

Whole Time Director

SHAIENDRA SWARUP

UDAYAN BOSE

VINITA SINGHANIA

WIM WIENK

Directors

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

Rs. in Crore (10 Million)

2015-16

2014-15

A. CASH FLOW FROM OPERATING ACTIVITIES :

Net Profit/ (Loss) before Tax and Extra-ordinary Items	109.88	(59.58)
--	--------	---------

Adjustments for :

Depreciation	109.83	115.76
Income from Investments	(0.18)	(3.44)
(Profit)/ Loss on sale of Assets (Net)	0.26	0.22
Dividend Income	(0.04)	(0.05)
Finance Cost	199.77	205.35
Interest Income	(5.41)	(5.47)
Foreign Exchange Fluctuation	(5.62)	4.70
Premium on Forward Exchange Contracts	0.60	6.94
Assets Written off	0.12	0.01
Bad Debts	0.19	-
Provision for Doubtful Debts	0.18	5.05
Provision for Doubtful Advances	1.44	-
Provision for earlier years no longer required	(1.00)	-
Operating Profit before Working Capital Changes	410.02	269.49

Adjustments for Working Capital Changes:

Trade and Other Receivables	(2.63)	41.04
Inventories	35.40	(81.75)
Trade and Other Payables	(10.20)	29.99
Cash generated from Operations	432.59	258.77
Taxes paid	(23.32)	1.03

Net Cash from Operating Activities

409.27

259.80

B. CASH FLOW FROM INVESTING ACTIVITIES :

Purchase of Fixed Assets	(39.43)	(90.82)
Sale of Fixed Assets	1.57	1.84
Sale/(Purchase) of Investments (Net)	(6.42)	68.96
Dividend Income	0.04	0.05
Interest Received	5.31	5.52

Net Cash from Investing Activities

(38.93)

(14.45)



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

		Rs. in Crore (10 Million)	
		2015-16	2014-15
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Issue of Equity Share Capital	50.02	-	
Proceeds of Long-term Borrowings	114.01	408.46	
Repayment of Long-term Borrowings	(232.97)	(460.64)	
Proceeds/(Repayment) from Short-term Borrowings (Net)	(110.76)	26.16	
Interest and Financial Charges	(192.47)	(213.52)	
Dividend (including Dividend Tax)	(0.03)	(0.03)	
Net cash from Financing Activities		(372.20)	(239.57)
D. Increase/(Decrease) in Cash and Cash Equivalents			
- Cash & Bank Balance		(1.86)	5.78
E. Cash and Cash Equivalents as at the beginning of the year			
- Cash & Bank Balances (Note No. 17)		17.83	12.05
F. Cash and Cash Equivalents as at the close of the year			
- Cash & Bank Balances (Note No. 17)		15.97	17.83

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 6th May, 2016

V.KUMARASWAMY

Chief Finance Officer

S.C.GUPTA

Company Secretary

B.H. SINGHANIA

H.P. SINGHANIA

O.P. GOYAL

ARUN BHARAT RAM

DHIRENDRA KUMAR

M.H.DALMIA

R.V.KANORIA

For and on behalf of the Board

Chairman

Vice Chairman & Managing Director

Whole Time Director

SHAILENDRA SWARUP

UDAYAN BOSE

VINITA SINGHANIA

WIM WIENK

Directors

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a template for writing or drawing. The margins are consistent on all sides.



NOTES

[illegible]

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



Building *Social Assets*

JK Paper is driven by the belief that communities prosper when they are economically viable and socially harmonious. Our Corporate Social Responsibility (CSR) initiatives are therefore focused on creating social assets through interventions in health, education & skilling as also building and strengthening networks of SHGs.

JK Paper through its schools at both unit JKPM and CPM have been imparting quality education to the weaker sections nearby its vicinity respectively. Computer based teaching and special courses are being run to scale up competency level of the students. To enhance the employability of the people, different job oriented courses are being offered via a tie up with ITI Ukai at unit CPM. Various vocational courses like: Tailoring cum Embroidery centre, Mobile repair, Electrician etc. are being provided to make the tribal youth start earning livelihood.

Entrepreneurship development is key to unlocking social capital and Micro Enterprises has been instrumental in fulfilling this national goal. Our efforts in this direction have resulted in setting up of micro enterprises like: Grocery shops, DTH repairing, Mobile vending etc. for 406 SC/ST boys and girls. This program was conducted in collaboration with Central Board of Workers Education.

Unit JKPM also helped create additional income for farmers by introducing scientific practices in agriculture. Farmers club has been formed and Crop Scientific Training (CST) programmes were organised on both Rabi and Kharif crops with the support of NABARD.

In the health care department, basic health care services including free medicines to the SC & ST through health camps and mobile dispensaries are held at regular intervals at both the units JKPM and CPM. At unit JKPM, JK Centre for Tribal Eye Health in partnership with renowned LV Prasad Eye Institute was inaugurated on 31st August, 2015. The centre is equipped with state of the art equipment and trained staff to deliver equitable comprehensive eye care. A population of 75,000 in a span of 5 years shall be served under this intervention.





JK PAPER LTD.

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

Ph.: 011-33001132 Fax: 011-23712680

www.jkpaper.com  **[/jkpaperindia](https://www.facebook.com/jkpaperindia)**  **[/jkpaperindia](https://www.twitter.com/jkpaperindia)**

Inside pages printed on JK Evervite 80 gsm and cover on JK Ultima 200 gsm - Manufactured by JK Paper Ltd.