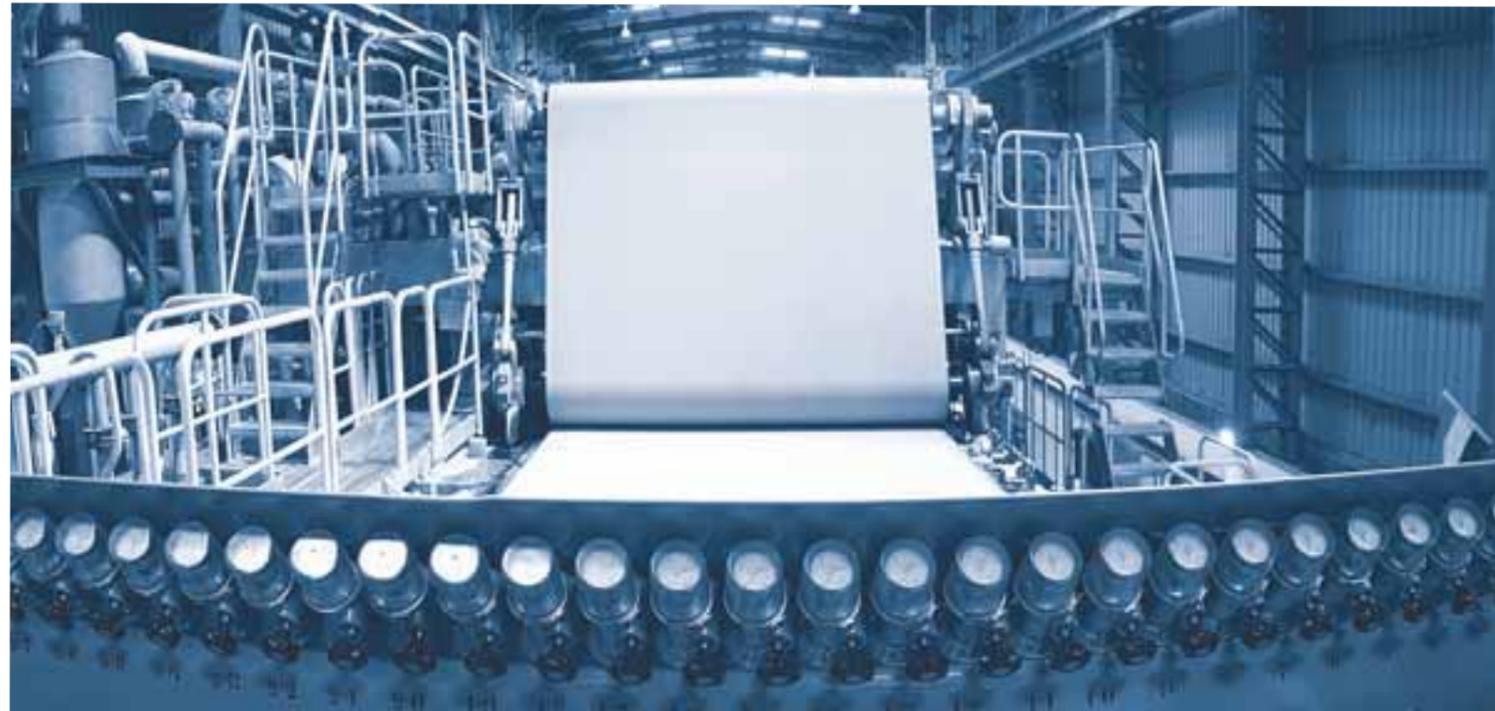


ANNUAL REPORT 2007 - 2008



NEW HORIZONS, NEW FRONTIERS...



JK PAPER LTD.





The ability to look beyond the horizon.

The passion to push the frontiers and challenge possibilities

beyond the comfort zone.

That's what true leadership is all about...

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Board of Directors

HARI SHANKAR SINGHANIA
Chairman

HARSH PATI SINGHANIA
Managing Director

OM PRAKASH GOYAL
Whole-time Director

ARUN BHARAT RAM

DHIRENDRA KUMAR

GAJANAN KHAITAN

R. V. KANORIA

S. K. PATHAK

SHAILENDRA SWARUP

UDAYAN BOSE

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

Canara Bank

Axis Bank

IDBI Bank

Company Website

www.jkpaper.com

Plants

JK Paper Mills

Jaykaypur - 765 017

Rayagada (Orissa)

Central Pulp Mills

P. O. Central Pulp Mills - 394 660

Fort Songadh

Dist. Tapi (Gujarat)

Auditors

Lodha & Co.

Chartered Accountants

New Delhi

S. S. Kothari Mehta & Co.

Chartered Accountants

New Delhi

Company Secretary

S. C. Gupta



NEW REALMS OF OPPORTUNITY

The vision to raise the benchmark in a new business like Packaging Board was a massive challenge for us at JK, requiring extraordinary commitment, meticulous preparation, the best hands on board and a deep understanding of the market realities. In order to match the might of leading established players in the segment, we had to work not just harder, but smarter.

To begin with, we created a separate organization entirely, from the ground up. We put together a team of experienced as well as young, vibrant people, teaming up established paperboard professionals with the best in-house talent – fundamentally strong in the area of project execution.

We joined hands with world leaders and the most renowned overseas consultants, leading technology and knowledge providers.

Before commencement of production, we conducted an exhaustive 3-tier market survey, understanding the

expectations and needs of converters, end users and final consumers – the leading lifestyle and food brands.

A mass customer contact programme gave us vital insights into the quality, quantity and lead-time requirements of customers. Then, an extensive market seeding programme with imported target quality boards began; this way, we got hands-on with product marketing/commercials/logistics before the launch of our own product.

Armed with a thorough understanding of operational realities, we sounded raw material suppliers well in advance, and imported the best-in-class pulp.

Working against the clock, we set up a new state-of-the-art plant in record time and achieved quality stabilization almost from the word go.

The fact that the very first roll from our board plant went to the printing press emphatically endorses the merit of our thorough and meticulous approach.



VISION



FULL STEAM AHEAD!

TECHNOLOGY

Admittedly, the B2B premium paperboard market is even more challenging and demanding than paper. In fact, it is a major diversification for the company, being much more technology, people and consumer driven.

Alive to this reality, we have created that sort of edifice from the word go. Technology being the key quality driver, we have created a sharp competitive edge thanks to new generation technology.

But even more, we have made development and innovation an integral part of the manufacturing process. Consequently, much more than just being suppliers, we offer our clients technical support that helps in meeting their specifications and ensure better value for their money.

Driven by the ambition to deliver high quality in large volumes, JK Paper Ltd. is already operating beyond the plant's rated capacity.

Latest, most advanced technology

- Entire business on ERP for optimum efficiencies of scale
- First time cutting-edge technologies like wet end hydromix concept and gas fired IR, for a tangibly better product
- Strong 5-stage controls for best consistency
- Quality checkpoints alongside main machinery – glitches are identified and corrective actions are taken immediately





BEST HANDS ON BOARD

At JK we believe professionalism is an equal measure of competence and commitment. It's not just about hiring people. It's about inspiring them, by raising their professional competence and improving their quality of life.

To begin with, we recruited top professionals from the paperboard industry and inducted some trusted hands from our paper mill into the board plant. To meet the manpower requirements, we recruited fresh talent through a meticulous and vigorous recruitment process. And then, we went about training every individual way beyond the given job description.

As of now, we have 65 training modules - the most in the industry, and we insist on at least 2 training sessions per employee every month.

To fire-up the team, several pioneering initiatives have been undertaken - a common multi-department office ensures seamless coordination and work flow. Another highlight is the proud sense of ownership that project

managers are empowered with - you don't work for the plant, you own it. This has encouraged them to foresee operational realities and changes much faster and more clearly, resulting in swift and excellent project implementation.

Replicating the success mantra that has worked so efficiently for us, we have done a lateral transfer of TPM culture from our award winning existing paper plant to this new facility.

Dynamic HR vision

- 200 strong team – 60 managers and 140 trained & highly skilled workers
- Most of the operators are computer literate local residents
- Vibrant team spirit – TPM pledge taken religiously at 8.15 am charges everyone, every day. 15 minutes physical training daily under expert supervision
- Accident prevention – Dedicated engineers are appointed in rotation for safety management



PEOPLE



BEST-SELLER IN A BOOMING MARKET!

The transformation of India as one of the world's most exciting, buoyant markets has opened the floodgates of opportunity for lifestyle and FMCG brands. As competition on the shop shelf intensifies, packaging, the 5th 'P' of marketing has suddenly become vital to every brand's success.

Today, even though packaging has up to 70% impact on the purchase decision, it gets just about 9 seconds to woo customers on the crowded shop counters. Not surprisingly, the premium boards segment is growing at a healthy 20% - twice the paperboard category growth rate!

The entry of our value-added boards has generated unprecedented excitement in the market. The incomparable printability and world-class quality of our products have helped us capture 20% of the value-added boards market from new customers – medium sized brands who couldn't get their quality requirements fulfilled.

Not only have our products been enthusiastically accepted from printers across segments covering a large spectrum of Indian and international brands, many printers are actually increasing their capacities!

Born to win

- Best value – with superior quality printability and all other parameters at par with the best
- Lighter boards, so more cartons per kg.
- Tailor made boards for specific customer application
- All products are conforming to international food grade specifications (USFDA approved)
- Much faster deliveries especially in western zone



QUALITY



CUSTOMIZING DELIGHT!

One of the key differentiators of JK Paper Limited is the obsession for customer focus. All our plants producing both paper and paperboard are supported by a technical service team that works closely with end users and advises them on best practices on usage of various products including coated paper, branded cut size copier paper and packaging board. Customer contact programmes are conducted regularly to understand the customer needs better.

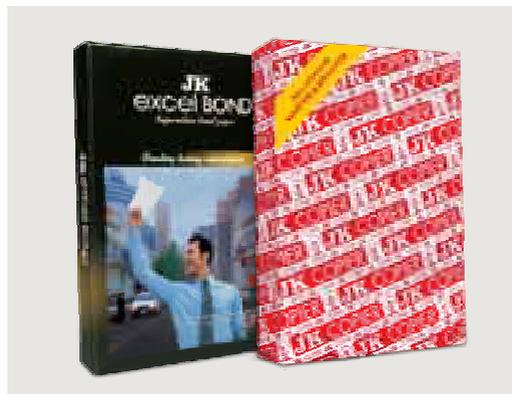
One of JK Paper's biggest assets is its massive distribution network, which comprises more than 3000 distributors and dealers covering all our product categories from branded paper like the well known **JK Copier**, **JK Easy Copier**, **JK Excel Bond** and our recent product

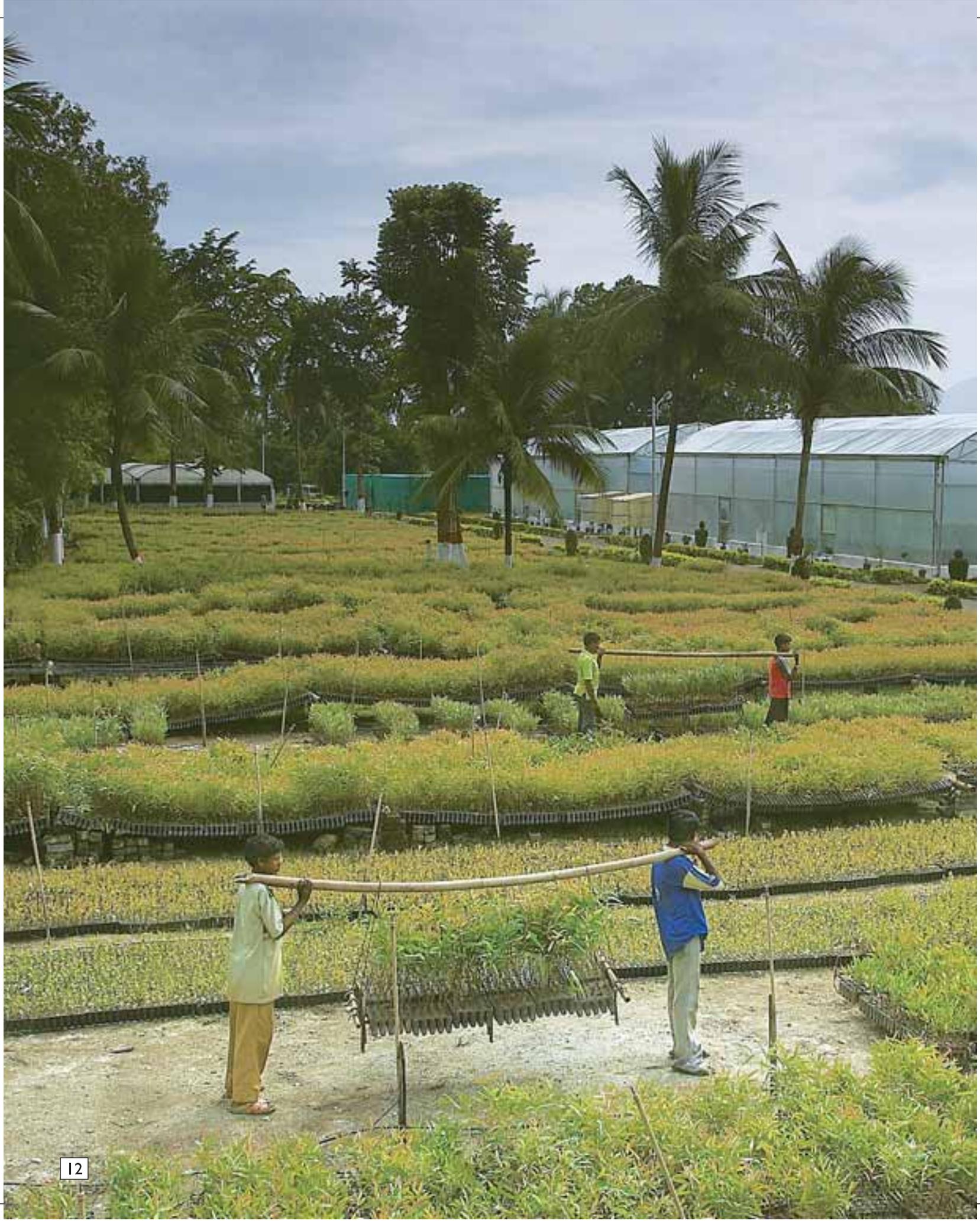
introductions like **JK Cote** in coated paper and **JK Tuffcote**, **JK Ultima**, **JK Purefil** in paperboard category.

Our ERP is among the most advanced in the country, resulting in optimized customer serviceability and enhanced management efficiency.

This is perfectly in keeping with the organization's best-value commitment to customers and the high premium we give to relationships.

PARTNERS





TOMORROW IS GREENER

ENVIRONMENT

At JK Paper, we are deeply indebted to Mother Nature for her generosity and staunchly committed to development in harmony with the environment. As of now, we have over 65,000 hectares of land under forestry project.

A multi pronged strategy for greening wasteland is already bearing fruit. This includes various activities like “Vanmahotsava”, farmer meets, exhibitions, media campaigns, NGO interactions and even involvement of school children at schools run by the company.

The Emission Reduction Purchase Agreement (ERPA) signed by us with

the Bio Carbon Fund of the World Bank is facilitating sale of emission reductions under a Clean Development Mechanism (CDM) project involving development of plantations. This becomes an additional income avenue for participating farmers, besides reducing harmful green house gases and global warming.



Chairman's Statement

Dear Shareholder,

In the face of a current slow-down trend in the global economy, India's growth story continues unabated, thanks to its strong fundamentals. Clearly, its young population, rising incomes and growing aspirations hold out the potential of India emerging among the top five global consumer markets in the next decade or so. This remarkable growth of India as a market economy has unleashed massive investments across all sectors of the economy, particularly in manufacturing, despite some jarring notes like the recent trend of rising inflation rate, upward movement in interest rates and volatility in the rupee-dollar exchange rates.

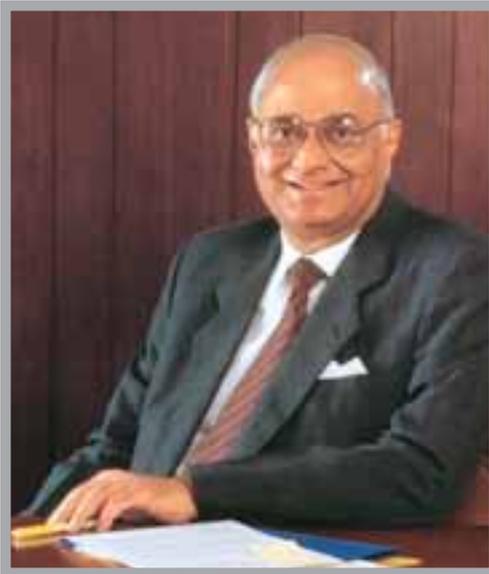
The Indian paper industry is also undergoing a fundamental transformation, with large investments in capacity addition, modernization and creating the capacity to produce value added papers and boards. While the growing per capita incomes and rising literacy levels have triggered a spurt in the demand growth of paper from a level of 6 to 7% per annum (till 3 or 4 years ago) to levels of 8 to 10% in the last 2 to 3 years, there is much faster growth in the demand for high end papers and boards.

The growing competitiveness of Indian paper industry is evident from the fact that despite reducing import tariffs on finished paper to as low as 10%, the industry has faced up to the competition with increasing confidence, by committing large investments in setting up manufacturing plants. Of course, the fundamental issue of high raw material costs remains because of inadequate availability posing a major hurdle for the industry to achieve a high level of cost competitiveness.

In line with the changing demand trends for paper and paper boards in India, JK Paper has been investing in manufacturing products that are of high quality and high demand which were being imported in large quantities because of inadequate domestic production capacity. In this regard, I am happy to state that the Company's investment in the state-of-the-art coating plant (which commenced production in 2006) has contributed significantly to meeting the domestic demand

gap for high end coated papers and boards.

I am also delighted to share with you the successful commissioning of our Rs.300 crore state-of-the-art packaging board project, which commenced commercial production in October, 2007. The project was led by a vibrant team of professionals who rose to the challenge of setting up a world class facility in record time. Not only the project execution, but equally the product quality of the new value added boards has been highly appreciated by large cross section of customers, including a number of overseas customers. At this point, as I write, I am happy to state that we are on the verge of achieving near 100% plant capacity utilization. I have no doubt that as we move ahead the packaging board investment will contribute in significant measure to India's growing needs of high quality packaging as well as strengthen the Company's profitability.



JK Paper, from its inception has been powered by a compelling vision, to be

a dynamic benchmark in the Indian paper industry. This has manifested itself in the quality of its products and services as well as its long lasting and robust partnership with all its stakeholders. The fact that the Company remains a top performer in its established product lines of high bright maplitho and cut-size papers, while successfully establishing new lines of value added products like coated paper and high end packaging boards should give you, our esteemed shareholders a lot of confidence in the future of this Company. Our valued customers, vendors, financial institutions/banks and our people have provided JK Paper the support and strength in the years that have gone by and I look forward to the same support as we move into the future.

With Best Wishes,

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

HARI SHANKAR SINGHANIA

Managing Director's Message

Dear Shareholder,

The robust performance of the Indian economy, characterized by consistently high GDP growth and rising literacy levels, augurs well for the domestic paper industry. The buoyancy in demand for high quality and value added papers and boards has led to fresh investments being made by the industry. Your Company, foreseeing this trend, invested in a Coated Paper Plant about three years ago and in a high-end Packaging Board facility that was commissioned this past year.

India's printing and publishing industry is gradually emerging as an international centre for printing activities. This is leading to growth in consumption of high-end coated and uncoated papers. Growing business and commercial activity is resulting in increasing demand for office papers. Now, the Folding Carton industry is gearing up to meet increasing demand for high quality carton packaging, both for the Indian and International

markets. The enhancement in manufacturing capacity in these segments of paper and boards will generate greater value addition and growth opportunities for the user industry.

I am happy to state that JK Paper has been able to position itself as a Company that is present in all the above mentioned high growth and value added segments.

JK Paper has had a satisfactory year, with successful start up of its Board plant which commenced commercial production in October, 2007. The excellent customer response to the launch of the Company's premium Board brands like JK Tuff Cote, JK Ultima and JK Pure Fil has resulted in rapid market penetration and plant capacity utilisation approaching 100% by June this year. The fuller impact of this business will be seen in the current year, i.e. 2008-09.

JK Paper's obsession with "excellence" drives all aspects of its business. Besides improving its ongoing operations, the execution of the Company's new Board Project is another manifestation of its approach to excellence in Project Management. Starting from identifying a project leader, to creating a project team, machine, equipment and supplier

selection, the Company's effort was to always induct the best. It is because of this total commitment of the entire team of talented professionals and all employees, that we were able to achieve a quick start up and excellent product quality, backed by strong sales and marketing effort.

While I am proud of team 'JK Paper' for its achievements, we should guard against becoming complacent. We should continue to provide unique solutions to all our customers and provide services with humility.

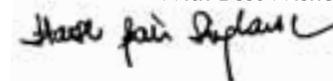
The Company remains committed to

growth, while taking care of the community, especially around its plants in Orissa and Gujarat. The social forestry projects undertaken provide employment and income opportunities to the tribal and rural population. Beyond this, JK Paper also provides access to education and health care facilities in its neighbourhood, thus doing its bit towards Corporate Social Responsibility.

I am confident that we will continue to grow in a sustained and responsible manner while making the most of the opportunities the market has to offer.



With Best Wishes,



HARSH PATI SINGHANIA

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the 47th Annual Report. With a view to have a uniform Financial Year under the Companies Act, 1956, and Income-tax Act, 1961, the Company has changed its Accounting Year from July - June to April - March. Accordingly, the Audited Accounts for 2007-08 are for a period of 9 months, commencing from July 01, 2007 and ending on March 31, 2008. The previous financial year's figures are, therefore, not comparable.

FINANCIAL RESULTS

	Rs in Crore (10 million)	
	2007-08 (9 months)	2006-07 (12 months)
Gross Sales	749.31	932.55
Profit before Interest, Lease Rent and Depreciation	116.07	157.88
Interest & Financial Charges	35.29	35.72
Profit before Depreciation	80.78	122.16
Profit before Tax	34.92	71.69
Profit after Tax	34.71	45.91
Debenture Redemption Reserve Written back	2.44	Nil
Surplus brought forward	73.78	54.74
Total amount available for appropriation	110.93	100.65
APPROPRIATIONS		
Debenture Redemption Reserve	-	0.35
Capital Redemption Reserve	-	0.76
General Reserve	3.25	5.00
Dividend:		
- On Preference Shares (incl. Tax on Dividend)	0.07	0.18
- On Equity Shares (incl. Tax on Dividend)	13.71	20.58
Surplus carried to Balance Sheet	93.90	73.78
TOTAL	110.93	100.65

DIVIDENDS

Your Directors are pleased to recommend a dividend of 15% (annualised 20%) on the Equity Capital. The dividend payable on Preference Share Capital (including interim dividend of Rs. 0.03 Crore) at the specified rate is Rs. 0.07 Crore. The total outgo including tax on account of dividend would be Rs. 13.78 Crore.

PERFORMANCE REVIEW

The Company continued to perform well. Sales at Rs. 749.31 Crore grew by 7.1% over the previous year (considering current period figures on annualised basis). During the period under review, Operating Profit (PBIDT) was Rs.116.07 Crore and Net Profit stood at Rs 34.71 Crore.

Production and Sales during the period were 1,48,554 tonnes (1,98,072 tonnes annualised) and 1,59,613 tonnes (2,12,817 tonnes annualised) respectively. On annualised basis these are the highest ever tonnages, reflecting strong market demand for the Company's products.

Profit would have been better, but for the sharp reduction in price of coated paper, substantial increase in energy costs (coal and power) and increase in imported pulp price during the year. Interest and depreciation charges also increased significantly due to the start-up of the Company's new Packaging Board Plant.

Overall demand for Paper and Boards in India is expected to increase faster than hitherto as a result of robust economic growth, rising literacy and accelerated industrial development. Growth in the coming years is expected to be of the order of 8-8.5%, compared to 6.5% p.a. until recently.

In Printing and Writing papers, demand is being led by factors like increasing thrust on education, growing requirements from Printers and Publishers emanating from accelerated industrialisation, increased economic activity and enhanced advertising and communication needs. Paper based packaging will get a boost with increasing rural demand for FMCG and consumer durables, growing penetration of modern and urban



retailing and India's rising exports. In addition, there is a progressive shift in consumption towards branded and value added paper and board products.

In the Company's target product segments of cut-size and coated grades, demand continues to be buoyant, growing in double digits. Demand for other value added products like JK Excel Bond, MICR Cheque papers etc. also remains strong.

In the branded cut size segment, JK Paper achieved a volume growth of 21% over the last year. This was possible because of aggressive marketing efforts both in the value for money products as also in 'JK Copier', the Company's flagship brand. In coated papers, the selling prices came down sharply as a result of increasing imports at lower prices due to rupee appreciation. However the Company's marketing strategy and the brand strength of 'JK Cote' helped stave off this challenge. The outlook for coated paper in the current fiscal year appears much better owing to increasing global paper prices, a depreciating rupee and rapidly growing domestic demand.

JK Paper's entry into the high-end packaging board market will enable it to exploit opportunities in fast growing segments of the economy like pharmaceuticals, FMCG products, ready to eat food segments etc. and growing exports of cartons to the West.

Significant increase in pulp prices along with energy and transport costs, continue to cause concern. The Company's strategy in respect of its product mix and distribution has helped in partially containing the adverse impact on profitability.

Limited availability and high cost of domestic raw material remains an impediment in the growth of the industry. Your Company's philosophy of aggressively pursuing its social forestry programme helped in ensuring better availability of raw material, besides providing employment and income opportunities to the farming community. Cumulatively, over 65,000 Ha. have been covered under this programme.

EXPANSION - PACKAGING BOARDS

JK Paper's Rs. 300 crore state of the art Multi Layer Packaging Board plant at its Unit CPM, commenced commercial production w.e.f. 21st Oct. 2007. The

customer response to the product quality has been extremely encouraging. The market for high end boards is growing at a rapid pace of around 15% per annum and the Company hopes to take full benefit of this growing demand. The Company has augmented its power generation capacity by installing a 12 MW Turbine to fully meet the energy requirements of the board plant.

CUSTOMER SATISFACTION AND QUALITY

JK Paper's obsession with quality continues to pay rich dividends through customer delight, as is clearly evident from its recent venture in Packaging Boards. This is reflected in the smooth ramp up of capacity and achieving international quality standards in record time. All products of the Company enjoy excellent customer goodwill which has resulted in price leadership in major product categories.

JK Paper's philosophy of not just offering products but providing solutions to customers differentiates it from its competitors. There is a dedicated Technical Service Team which works closely with the end-users. The Company's personnel at all levels are also sensitized towards understanding the customers' changing needs with a view to maximizing their satisfaction. Customer Satisfaction Surveys are carried out periodically.

JK Paper continues to pursue its TPM programme to take it to the next level. It has also introduced this methodology in its Board Plant.

HEALTH, SAFETY, ENVIRONMENT AND SOCIAL CAUSES

JK Paper takes pride in providing a healthy and safe operating environment for its employees. Constant effort is made to conserve natural resources. The Company deploys eco-friendly technology to provide a safe and clean environment in its neighbourhood. Both CPM and JKPM units are ISO 14001 and OHSAS 18001 certified.

Rotary Lime Kiln with Producer Gas Plant is under installation at both Units - CPM and JKPM and will become operational during the current financial year. This will substantially reduce purchase of lime besides bringing down the lime sludge disposal by about 75%.

Fly ash is being used increasingly in brick manufacturing.

The Company continued its efforts to increase literacy levels in its neighbouring areas and its Social and Farm Forestry programme has provided improved livelihood opportunities to thousands of farmers.

As a part of Social Care Activity, the company regularly organizes free camps for health checkup and treatment of a variety of ailments in nearby villages. There is a periodic programme of Mobile Health Care, which has helped reduce the incidence of disease in remote places like forest areas.

JK Paper has undertaken the upgradation of Ukai ITI, which is located near Unit CPM in Gujarat, under Public-Private Partnership (PPP). For this, the Company, as an Industrial Partner, has entered into a Memorandum of Understanding (MOU) with Central and State Governments and formed an IMC (Institute Management Committee) to implement the Institute Development Plan.

AWARDS AND RECOGNITION

Unit JKPM was awarded the prestigious “National Energy Management Award 2007” & “National award for Excellence in Water Management 2007” by Confederation of Indian Industry (CII) and “National Energy Conservation Award 2007” by Bureau of Energy, Govt. of India. The company is taking various energy conservation measures and putting relentless efforts as a responsible corporate entity to conserve energy.

DIRECTORS

Shri Dharendra Kumar and Shri Gajanan Khaitan retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

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

COST AUDIT

The Cost audit for the Nine Months ended 31st March 2008 will be conducted by M/s R.J. Goel & Co., Cost Accountants and the reports will be submitted to the Ministry of Company Affairs, Government of India.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

PARTICULARS OF EMPLOYEES

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

CORPORATE GOVERNANCE

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

DIRECTORS’ RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;



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

INDUSTRIAL RELATIONS

Industrial Relations remained cordial throughout the period under review. IR initiatives are continuously undertaken to enhance productivity, maintain harmonious relations and improve the quality of life for the workforce.

ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

HARI SHANKAR SINGHANIA
Chairman

New Delhi
Date : 26th June, 2008

ANNEXURE TO THE DIRECTORS' REPORT FOR THE NINE MONTHS ENDED 31ST MARCH, 2008

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

A) Energy Conservation

Your Company has taken the following measures for energy conservation:

1. Company has installed highly energy efficient high pressure Coal Fired Boiler and 12 MW TG Set along with Board Plant, to meet 100% captive power at reasonably competitive rate as compared to grid power.
2. Improvement in captive power generation at JKPM by improving power factor.
3. Auto cut off of lighting.
4. Replacement of over sized and old inefficient motors with energy efficient motors of appropriate size.

B) Research & Development

During the year, your Company has spent approx Rs 73 lacs on Research & Development.

Extensive application research through various plant trials were taken for product development and quality improvement.

1. ASA sizing implemented on all the machines, resulting in improved productivity of paper machines. It has also resulted in remarkable improvement in paper brightness.
2. Introduced a new variety of copier paper Digital printing applications.
3. A new variant of Coated Art Board was developed for playing card segment.

C) Technology Absorption, Adaptation and Innovation

1. Circulating Fluidised Bed Combustion (CFBC) technology was adopted for the new High Pressure Boiler with 12 MW TG

Set. It has been commissioned successfully in November 2007.

2. Rotary Lime Kiln is being installed with a suitable technology to use Producer Gas as fuel to reprocess lime sludge and eliminate disposal of solid waste.

D) Foreign Exchange Earnings and Outgo

Rs. in Lacs (0.1 Million)

(a)	Foreign Exchange earned	1291.02
(b)	Foreign Exchange outgo:	
	- CIF Value of Imports	5418.83
	- Others	520.46



PARTICULARS OF CONSERVATION OF ENERGY

Sl. No.	Particulars	Unit	2007-08 (9 Months)	2006-07 (12 Months)
A.	POWER AND FUEL CONSUMPTION			
1	Electricity			
a)	Purchased Power			
	- Units	KwH in lacs	285.48	262.06
	- Total Amount	Rs.Lacs	1,274.21	1,165.04
	- Rate / Units	Rs/KwH	4.46	4.45
b)	Own Generation			
i)	Through Steam Turbine / Generators			
	- Units	KwH in lacs	1,914.97	2,458.11
	- Cost / Units	Rs/KwH	2.29	1.93
ii)	Through Diesel Generator			
	- Units	KwH in lacs	15.23	1.01
	- Units per Litre of Diesel Oil	KwH	3.76	3.62
	- Cost / Units	Rs/KwH	11.02	44.23
2	Coal			
	- Quality (Grade)		“D” to “F”	“B” to “F”
	- Where Used		CF Boiler	CF Boiler
	- Quantity	MT	284,321	317,680
	- Total Amount	Rs.Lacs	5,092.20	4,706.58
	- Average Rate / MT	Rs./T	1,791	1,482
3	Furnace Oil			
	- Quantity	Kilo Ltr	262.20	349.42
	- Total Amount	Rs.Lacs	56.82	72.29
	- Average Rate / Ltr.	Rs./Ltr	21.67	20.69
4	Others / Internal Generation		—	—

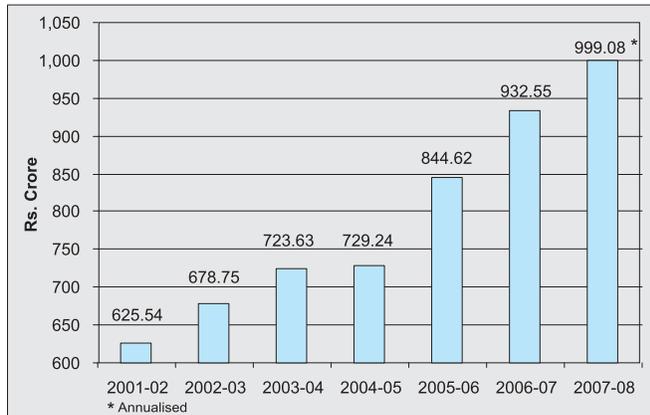
B. CONSUMPTION PER UNIT OF PRODUCTION

Product	Year	Electricity Kwh/MT	Coal Kg/MT	Furnace Oil Lt/MT
Paper & Board	2007-08	1,398	1,674	1.93
	2006-07	1,378	1,488	1.83

JK PAPER GROWTH PATH

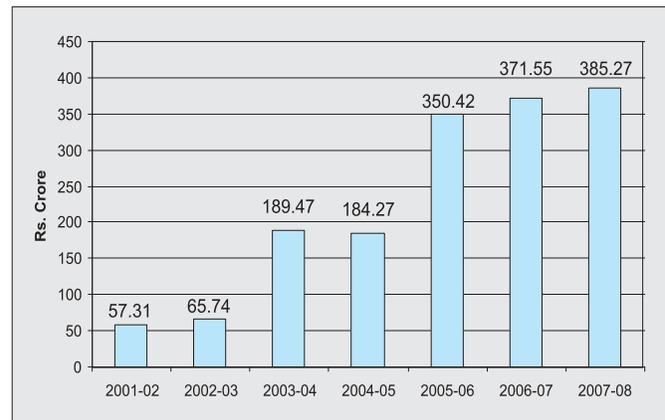
Gross Sales

All time high of Rs. 999.08 crore (annualised)
against Rs. 932.55 crore in the previous year



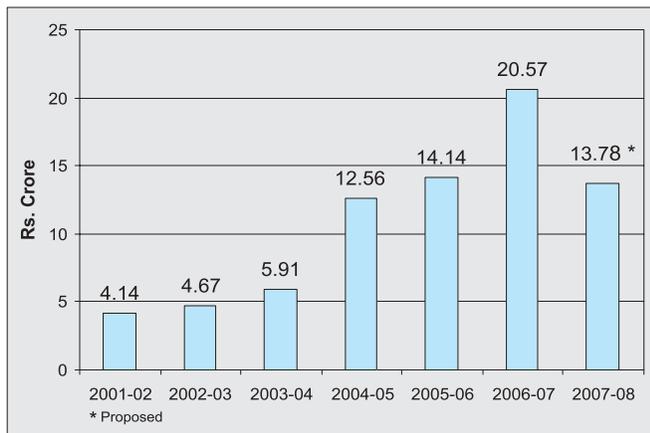
Equity Shareholders Funds

Net Worth has increased to
seven-fold since 2001-02



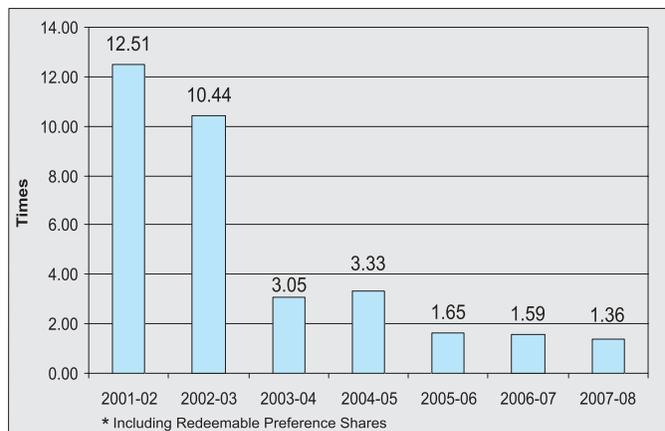
Dividend Distribution

Equity Dividends distributed has
increased 4.4 times (annualised basis)
since 2001-02



LT Debt * - Equity Ratio

LT Debt Equity has considerably
improved from 12.51 to 1.36





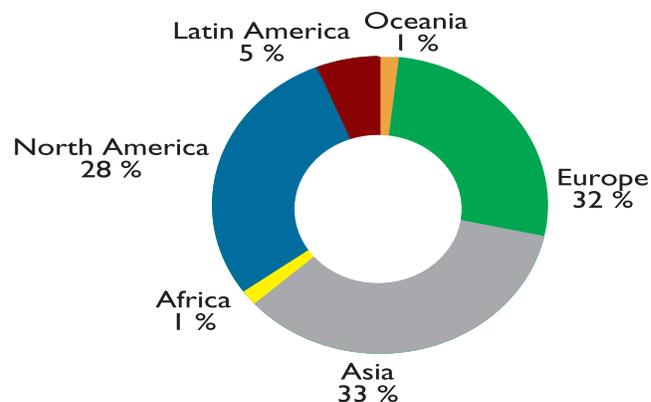
MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Long term trends for GDP indicate that the global economy is expected to grow by around 3.5% p.a. This factors a higher growth in the emerging economies, compared to the developed countries – a phenomenon observed for the past few years. Clearly, there is a perceptible shift in the global economic power, with Asia emerging as a major economic block.

The short term outlook of the global economy is, however, clouded by a diminishing economic momentum, following two straight years of robust GDP growth. The recent global slow-down can be largely attributed to the economic difficulties being experienced in the USA. The decline observed in the US growth rates in 2007/08 is expected to envelope the Japanese and European economies also; albeit to a lesser extent. The current global scenario is also marked by unprecedented surge in crude oil prices, accompanied by a spurt in commodity prices together with tight credit conditions. All this may lead to an adverse impact on global demand growth for paper and boards. The year 2007, in particular, witnessed a modest demand growth of 2.3% in the world paper and board markets, which is much below the historical trend of 3.5% p.a. seen in the last 5 years. This trend is likely to continue in the year 2008 also. In respect of particular product segments and geographical regions, the global demand outlook may vary significantly. Grades like coated woodfree papers, cut-size copier papers and packaging boards are likely to witness higher growth rates. Also emerging markets are likely to see good growth while mature markets are likely to be subdued.

Arising out of the foregoing the global pulp and paper industry is witness to a distinct shift in Consumption and Production towards the emerging markets of Asia in particular. As it is, Asia accounts for 36% of global paper consumption of approximately 382 Million Tonnes, while Europe and North America have a share of only 32% and 28% respectively seen in the following graphic.



Source: ForesSTAT FAO

MARKET PULP

The global pulp market, has witnessed a sharp spurt of 40% to 50% in prices, compared to the last year. This phenomenon can be primarily attributed to shut down of some Pulp Mills/cut-back of production in pulp mills across North America and Western Europe as well as faster demand growth for pulp from new paper capacities.

Consequently, the non-integrated paper mills have been severely impacted through shrinkage in margins from supply-demand mis-match in a number of end product categories like coated woodfree paper. As a result of this, the impact of pulp cost escalation could not be passed on fully. This has led to a longer time lag between pulp and paper price increases in several other categories. This tight pulp supply is expected to persist and current pulp price levels are likely to remain firm throughout 2008.

As far as India is concerned, being one of the bigger paper producers in the world; it is likely to increasingly depend on imported market pulp in the long term future. In other words, the future investments in the Indian Paper Industry of global scale plants are expected to be based on imported market pulp, given the domestic shortage of raw material.

Indian Pulp and Paper Industry vis-à-vis Global industry

India is emerging as a major paper and board producing country in the world, thanks to a demand upswing

driven by strong domestic GDP growth, which has crossed the US\$ trillion mark and is already the 4th largest economy in PPP terms as per International Monetary Fund. Projections suggest that India will catch up with the GDP of USA by 2050. The demographic advantage – India’s young population and its rising aspirations will mean greater purchasing power in the years to come.

As economic growth stabilises at 8-9% p.a, demand for Paper and Board will increase faster than hitherto. India is poised to emerge as among the top 10 global consumers in the next few years. More importantly, demand growth will be led by new avenues for paper use, thanks to penetration of modern technologies and communication network. Increase in rural connectivity and greater sensitivity for environment is driving rapid demand growth for convenient and attractive paper based packaging. With India emerging as an outsourcing destination for world class publications, demand for high quality printing and writing paper should increase significantly.

MARKET FOR COMPANY’S PRODUCTS

With its entry into the packaging board market, JK is the only leading paper company in India participating in all the fast growing and value added product segments. JK Paper has played a pioneering role in converting paper from a commodity to a branded product. Apart from setting up new benchmarks for product quality, the Company’s focus has been on providing solutions to diverse customers, big or small.

● **Business Communication Papers**

The company serves the needs of customers in both the high-end office paper segments as well as those who seek ‘value for money’ products. ‘JK Easy Copier’ and ‘Sparkle’ – as our VFM brands have built up a robust customer franchise. This strategy enables the company to participate in all the price points, while maintaining its price leadership in the market place.

With consistent thrust on branded cut-size products, the Company has been able to step up its volumes by 21% compared to last year. ‘JK Copier’ and ‘JK Easy Copier’ volumes grew by 16% and 31% respectively. The Company’s premium bond paper - ‘JK Excel Bond’ also grew by a healthy 18% over the last year.

Recognising the popularity of the established ‘JK Bond’, the Company introduced the same in a new cut-size international looking pack.

● **Printing & Writing Papers**

To retain its customers for printing and writing papers the company made aggressive efforts to outsource Maplitho grades (with JK’s quality standards) and market these in own brand name. This strategy ensures that in the face of its strategic focus shift towards higher value-added products, it continues to serve the growing needs of its customers for high bright Maplitho papers.

● **Coated Paper**

For most of the year the domestic prices of coated papers came under pressure because of the strengthening of the Rupee and consequent lower cost of imports. Our marketing strategy supported by ‘JK Cote’ brand equity established in the last couple of years helped face off the challenges from imports. From early 2008 the international prices of coated papers have been on the upswing due to increasing pulp prices, thus leading to upward price revisions in the domestic market.

● **Outsourcing**

To augment its own production capacity and meet the customer’s growing demand for its products, the company has strengthened its outsourcing efforts from both domestic and international markets. While doing so, care is taken to ensure conformance to JK quality standards. With a broader product basket JK Paper has emerged as a leading one-stop-shop Paper Company in India.

OPPORTUNITIES & STRENGTHS OF THE COMPANY

Over the years the Company has consciously moved towards being more market centric, even while maintaining its focus on manufacturing. The product mix is designed to provide maximum satisfaction to diverse needs of varied customers. The entry into the high-end packaging boards segment and paper based stationery products clearly illustrates the company’s strategy in this regard.



The company has a dedicated technical service team which works closely with end users like printers, converters etc., advising them on best practices in paper usage. Numerous customer contact programmes are being conducted regularly to help customers realise better value, while at the same time providing the Company to understand their needs better. This helps the organisation improve its products and service offerings continuously.

NEW PRODUCTS

India's young population combined with rapid economic growth is driving per capita income and rising aspirations. With increasing rural connectivity and rising demand for FMCG and OTC products, consumption for paperboard based packaging is growing at faster pace. The company identified this opportunity and entered the market for value-added packaging boards during the year. In a very short time the company succeeded in establishing its international quality standards and make significant inroads in the market place. The ready customer acceptance by leading FMCG and Pharma producers has made JK the preferred choice among carton board users within a very short span of time. Within months of market launch, JK TuffCote, JK Ultima and JK PureFil have been accepted as strong brands in the packaging board market in India as well as in its select neighbouring export markets.

Distribution Network

The Company's established distribution network covers the length and breadth of the country and is one of its biggest assets. JK Paper presently operates through its 125 distributors, who have been working as our strategic business partners, with most of them being exclusive to the Company. With entry into the Packaging Board market, the Company has appointed additional distributors who are focussed and exclusive to Board marketing and are therefore able to innovatively market its brands of high value added boards, with value-added services.

Locational advantage

Growing consumerism and changing lifestyle is not only increasing the pace of market growth but also resulting

in changing needs of the consumers across the country. The company is able to take full advantage of the strategic location of both its plants – JKPM and CPM. While Unit JKPM is ideally located to cater to the Southern and Eastern markets, Unit CPM serves the needs of customers in the Western and Northern markets. The new packaging board plant installed at CPM enjoys the advantage of being able to cater to the largest and fastest growing market segment of western India.

EXPANSION

The Company commenced commercial production at its state-of-the-art Multi-layer Packaging Board Plant at Unit CPM in October 2007. The product quality has been appreciated not only by the top end customers in India but also by overseas customers from countries like Italy, Thailand, Korea, Sri Lanka and Middle East countries. The Plant capacity utilization is increasing progressively and is expected to achieve 100% during the year. With the retail boom in the country, the market for the value added consumer packaging is growing at 15% per annum. More than 80% of the Company's production of packaging board is in the value added segment which is expected to contribute significantly to the Company's growth and to bottom line in the future years.

MAJOR CONCERNS

Escalation of the pulp price in the international market continues to be a big concern for those dependent on Imported pulp. Besides, there is a acute scarcity of the local fibrous raw material which is driving up the cost of production. There is a need for a Policy recast by the Government, aimed at serving the farming community by improving their earnings per acre, local employment, increasing green cover, besides ensuring fibre security to the industry.

The commissioning of the mega-pulp plants in South America some time in the beginning of next calendar year will increase the availability of traded pulp in the international market and is expected to bring down the prices of pulp. This will result in better stability of prices and increased return on the investments made on the basis of market pulp.

Steep increases in costs of other inputs like coal and certain chemicals continues to be matter of concern.

The last few years have also seen disproportionate escalation in freight costs.

RAW MATERIAL AND OTHER PURCHASES

The Company continued its emphasis on creation of raw material resources through technology with additional area coverage of about 7,000 Ha. with distribution of more than 5 million JK clonal plants and 30 million polybag seedlings to farmers across the states of Orissa, A.P., Gujarat and Maharashtra. Bamboo constitutes a substantial portion of our raw material mix. To meet future requirements the Company raised 4 million bamboo rhizomes for replanting blank patches in forest areas through government agencies and for supplying to NGOs. With these initiatives, we expect to increase our access to cost effective raw material while contributing towards rural development and productive use of wastelands. The Company provides a complete package to farmers with extension services, facilitation of loans, high quality disease resistant planting material backed by in-house research and trained professionals for creating sustainable raw material resources.

The increased availability of raw material in the Company's catchment areas due to our plantation efforts has helped contain the rising raw material costs and reduce our dependence on distant sources. In view of the support and excellent relationships maintained by the Company with the farming community, sourcing from nearby areas is likely to increase further.

Last year, the Company had signed an Emission Reduction Purchase Agreement (ERPA) with the Bio Carbon Fund of World Bank for sale of carbon emission reductions under the Clean Development Mechanism (CDM). This unique project enables local resource poor farmers to go global by contributing towards reduction of global warming, while earning additional income through carbon credits.

The year witnessed pulp prices skyrocketing across the world. The factors contributing to the same are the fast depreciating US Dollar, high input rates of wood chips, chemical & closure of several pulp Mills in Europe and North America due to non-viability along with escalating shipping rates amongst others.

Pulp prices increased by over 40% across various categories. High demand growth, especially from China is not helping the matter. In view of the foregoing, the short term future outlook for pulp prices is unlikely to see any softening.

Amongst other inputs, availability of coal continues to be a problem. Due to continuous rise in petroleum prices, petrochemicals and related products had an upward price trend. Minerals like soapstone and calcium carbonate became more scarce due to restriction on mining. This trend is likely to continue.

FINANCIAL HIGHLIGHTS

Rs. Cr. (10 million)

	2007-08 (July 07 to March 08 - 9 Months)	2007-08 (Annualized for 12 Months)	2006-07 (July 06 to June 07 - 12 Months)	Increase/ decrease (-) over previous year
(1)	(2)	(3)	(4)	(5)
Gross Sales	749.31	999.08	932.55	7.1%
Net Sales and Other Income	614.59	816.91	760.72	7.4%
Profit before Interest, Lease Rent and Depreciation	116.07	150.86	157.88	-4.5%
Profit Before Depreciation	80.78	103.81	122.16	-15.0%
Profit Before Tax	34.92	42.66	71.69	-40.5%
Profit After Tax	34.71	39.74	45.91	-13.4%

Production at 1,48,554 tonnes (1,98,072 tonnes annualized) and Sales at 1,59,613 tonnes (2,12,817 tonnes annualized) were achieved by the company during the 9 months period i.e. from July 2007 to March 2008. On annualized basis these are the highest ever tonnages. Net sales and other income went up by 7.4% on the strength of volume increase, price buoyancy, and improved product mix. However, Operating Profit (PBIDT) went down by 4.5% due to strong cost push, high pulp prices and cost involved in the stabilization of the Packaging Board project. The Net profit stood at Rs 34.71 crores.

Fitch Rating India Pvt. Limited has assigned issuer rating of "A-(ind)" [A Minus Ind] to the company with a stable outlook. Fitch has also assigned rating of "A-



(ind)” [A Minus Ind] to the outstanding long term loans of the company.

We constantly monitor funding options available in the financial market, as well as trends in the availability and cost of such funding, with a view to minimizing our funding cost, while maintaining financial flexibility and limiting repayment risk. We have optimized our working capital limits utilisation with a mix of working capital demand loans and short term loans – thus, reducing the average cost of funding.

During the period the foreign currency fluctuation had its impact on most of the corporate but company has adopted a prudent policy to manage its forex risk and covered its part of the foreign currency long term loans in fixed interest rate from floating interest rate.

ENVIRONMENTAL PROTECTION

JK Paper is well aware of its responsibilities towards environment and safety. Our efforts in environment management go well beyond mere compliance of statutory requirements. The company has always been focused on growth with sustainable development plans. It has always maintained harmony with nature by adopting eco-friendly technologies and upgrading them from time to time.

Both the units of the company are ISO 14001 certified for their eco friendly operations and OHSAS 18001 for Health, Safety and Security.

The Company is well ahead on the road of TPM with the help of Japan Institute of Plant Maintenance with both units being conferred the Award for TPM excellence – First Category - the first to an Indian integrated paper mill.

By implementing various water conservation schemes, the company has achieved water consumption per ton of paper well below the national standards at both its units. In recognition of its efforts, unit JKPM was awarded the prestigious National Award for Excellence in Water Management by CII.

In its continuous pursuit for water conservation, Unit CPM has drawn up schemes for rain water harvesting and is planning to carry out several projects in years to come.

A demo irrigation project has been undertaken by Unit JKPM for diverting the treated effluent to neighbouring areas for irrigation, for which the permission from State Pollution Control Board has been obtained.

To comply with the CREP guidelines, the company is in final stages of commissioning lime kilns with producer gas at both of its units. It will regenerate lime from lime sludge and will drastically reduce solid waste disposal.

Keeping an eye on environment, the company continues to aggressively pursue the afforestation programme. Till now in excess of 65,000 Ha. of land has been planted by farmers in the adjoining areas of mill locations with the assistance of company’s dedicated and trained forestry personnel. The Company is working with an objective of getting more than 75% raw material from its promoted plantations in the immediate future.

HUMAN RESOURCE DEVELOPMENT

JK Paper has always been giving top priority in building to keep a strong leadership pipeline. In order to strengthen the bond among its top management team and harnessing the enormous leadership potential available, the Company organized an out-bound Team Building workshop in December 2007 which comprised the top management personnel. The workshop also gave an opportunity for the leadership team to ponder upon the future strategic perspectives for the company.

Assessment and Development of leadership competencies are already being addressed vigorously by the Company. In order to improve the leadership impact, the senior most executives of your Company took part in a 360 Degree Feedback on Leadership Impact carried out by Hewitt. Some of these key executives are subsequently undergoing Executive Coaching by the same agency.

Creating a fun-filled and vibrant workplace atmosphere remains a priority in the area of human resources management. Several employee engagements were initiated and these involved participation by a large number of employees at all the company’s locations.

To strengthen the customer-in culture, market visits were organized. This provided an opportunity for people working in different departments to interact with customers to understand their perceptions about our products and services. Beyond this, a number of Sales training programmes were held for sales staff in consultation with the customers.

INTERNAL CONTROL SYSTEM

The company has adequate internal control systems and procedures commensurate with size and nature of its business. The effectiveness of internal control is regularly tested by the Internal Audit department of the company supplemented by independent outside Internal Auditors. They conduct regular audits based on annual internal audit programme agreed with audit committee of the board covering all the offices, factories and key area of business. The audit findings and follow-up action thereon are reported to the audit committee. The system ensures adequacy of control systems for ensuring efficient utilization of company's resources and protection of assets from loss, theft, misappropriation and relevant risks.

The company's budgetary control system ensures that there are predefined goals on all key result areas which are measured at monthly intervals.

RISK MANAGEMENT

The risks attendant in the existing operations have been mapped after due discussions and analysis of

various records of break downs, failures, delays and accidents. Proper preventive measures have been worked out for due implementation. The process is repeated for new projects and initiatives by going into all the operating risks for formulation of proper risk management measures which are documented, followed and reviewed.

Your Company strictly follows a system of hedging, which does not allow for entering into contracts without an underlying exposure.

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 Ten Directors of which three are Executive Directors and seven are Non-executive Directors. Details are as given hereunder:

Director	Category	No. of Board Meetings attended during 9 months period ended 31.03.2008	Whether attended last A.G.M. (12.12.2007)	No. of other Directorships and Committee Memberships / Chairmanships		
				Other Directorships*	Other Committee Memberships **	Other Committee Chairmanships **
Shri Hari Shankar Singhania, Chairman	Executive	2	No	2	-	-
Shri Arun Bharat Ram	Non-Executive Independent	1	No	12	3	1
Shri Dharendra Kumar	Non-Executive non-Independent	3	No	7	1	-
Shri Gajanan Khaitan	Non-Executive Independent	2	No	-	-	-
Shri R. V. Kanoria (w.e.f. 24.07.2007)	Non-Executive Independent	3	No	8	-	-
Shri S. K. Pathak	Non-Executive Independent	1	No	-	-	-
Shri Shailendra Swarup	Non-Executive Independent	3	No	4	1	-
Shri Udayan Bose	Non-Executive Independent	1	Yes	6	2	-
Shri Harsh Pati Singhania, Managing Director	Executive	3	Yes	3	1	-
Shri O. P. Goyal, Whole-time Director	Executive	3	Yes	4	1	-

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

** only covers Memberships/Chairmanships of Audit Committee and Shareholders/Investors Grievance Committee.

DATE AND NUMBER OF BOARD MEETINGS HELD: -

Three Board Meetings were held on 24th July 2007, 25th October 2007 and 28th January 2008 during the nine months period ended 31st March 2008.

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

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

3. AUDIT COMMITTEE:

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

The Committee presently consists of Shri Udayan Bose (Chairman), Shri R.V. Kanoria, Shri Shailendra Swarup and Shri Dharendra Kumar, as members. The composition of the Committee is in conformity with Clause 49 II (A) of the Listing Agreement. Shri Harsh Pati Singhanian, Managing Director and Shri O.P. Goyal, Whole-time Director are the permanent invitees.

Three meetings of the Audit Committee were held during nine months period ended 31st March 2008 as detailed hereunder:

Dates of meetings	No. of members attended
24 th July 2007	3
25 th October 2007	3
28 th January 2008	3

4.1 REMUNERATION COMMITTEE (Non mandatory):

Remuneration Committee comprising of three Independent Directors, namely Shri Shailendra Swarup, Chairman, Shri R.V.Kanoria, and Shri Gajanan Khaitan was constituted on 25th October 2007 to determine and approve increments in the salary of and the performance linked incentive to, Shri Hari Shankar Singhanian, Chairman (Whole-time Director) and Shri Harsh Pati Singhanian, Managing Director of the Company.

4.2 REMUNERATION PAID TO DIRECTORS:

A. Executive Directors

The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Fund for the 9 months period ended 31st March, 2008 to the Chairman, the Managing Director and the Whole-time Director is as follows: Shri Hari Shankar Singhanian, Rs.109.30 lac plus Rs.11.50 lac payable as commission; Shri Harsh Pati Singhanian, Rs. 123.46 lac plus Rs. 11.50 lac payable as commission and performance linked incentive as applicable; and Shri O. P. Goyal, Rs. 59.01 lac plus Rs. 19.04 lac 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 Chairman and the Managing Director is remuneration for the unexpired residue of term or for 3 years, whichever is shorter and for the Whole-time Director, 6 months salary in lieu of notice period.

B. Non-executive Directors

The Non- Executive Directors were paid sitting fees of Rs. 5,000 for each meeting of the Board and Rs. 2,500 for each meeting of the Committees of the Board attended by them and the company has paid Rs. 1,12,500/- towards sitting fees to them during nine months period ended 31st March 2008. Besides the sitting



fees, they are also paid commission. At the Annual General Meeting of the Company held on 19.09.2002, the Members had approved payment of commission not exceeding 1% per annum of the net profits of the Company to the Non - Executive Directors. Each year, the Board fixes the amount to be paid as commission to them. For nine months period ended 31st March 2008, the Board has approved a commission of Rs. 2.25 lac each to be paid to Shri Arun Bharat Ram, Shri Dharendra Kumar, Shri Gajanan Khaitan, Shri R.V. Kanoria, Shri Shailendra Swarup, Shri Udayan Bose and Shri S. K. Pathak.

The Non-executive Directors did not have any other material pecuniary relationship or transactions vis-à-vis the Company during nine months period ended 31st March 2008.

Number of Equity Shares held by Non-Executive Directors: Nil.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Committee presently consists of four Directors, namely Shri Shailendra Swarup (Chairman), Shri Arun Bharat Ram, Shri Harsh Pati Singhania, Managing Director and Shri O.P. Goyal, Whole-time Director. The Composition of the Committee is in conformity with Clause 49 IV (G) (iii) of the Listing Agreement. Three meetings of the said Committee were held during nine months period ended 31st March 2008 as detailed hereunder:

Dates of meetings	No. of members attended
24 th July 2007	3
25 th October 2007	3
28 th January 2008	3

Shri S.C. Gupta, Company Secretary, is the Compliance Officer.

No investor complaints were received during the nine months period ended 31st March 2008. The Board has delegated the power of share transfer to a 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.

6. GENERAL BODY MEETINGS:

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

Year	Location	Date	Time
2004-05	P.O. Central Pulp Mills – 394 660 Fort Songadh, Distt.Tapi (formerly Distt.Surat), Gujarat	24-09-2005	12.30 P.M.
2005-06	Same as above	21-11-2006	12.30 P.M.
2006-07	Same as above	12-12-2007	2.00 P.M.

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

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

(a) At the last Annual General Meeting of the Company held on 12th December 2007, Special Resolution was passed unanimously for approval of payment of Commission to the Directors other than the Managing or Whole-time Directors.

(b) At the Annual General Meeting of the Company held on 21st November 2006, Special Resolutions were passed unanimously:

{(i) to (iii)} to reappoint and determine the Terms of Remuneration of Chairman, Managing Director and Whole-time Director.

(iv) to authorise to get delisted voluntarily from Vadodara Stock Exchange Limited.

(c) At the Annual General Meeting of the Company held on 24th September 2005, Special Resolutions were passed unanimously to make certain amendments to Articles of Association of the Company.

7. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors

or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large. *None*

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

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

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

8. MEANS OF COMMUNICATION:

Quarterly and annual financial results are normally published in the English Newspaper Business Standard and the Gujarati Newspaper Sandesh, etc. and are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also displayed on the web-site of the company “www.jkpaper.com”. Full version of the Annual Report, Corporate Governance Report, financial results and shareholding pattern of the Company are posted on the Electronic Data Information Filing and Retrieval (EDIFAR) website namely “www.sebiedifar.nic.in”. The website is also accessible through a hyperlink ‘EDIFAR’ from SEBI’s official website, “www.sebi.gov.in”. Management Discussion & Analysis forms part of the Annual Report.

9. GENERAL SHAREHOLDERS’ INFORMATION:

(i) Annual General Meeting (AGM) :-

- (a) Date and Time : Friday, 29th August, 2008 at 12.30 P.M.
Venue : P.O. Central Pulp Mills- 394660, Fort Songadh, Distt. Tapi, Gujarat.

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

(ii) **Book Closure** : 18th August 2008 to 29th August 2008 (both days inclusive)

(iii) **Dividend Payment Date** : Upto September 2008

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

Annual General Meeting for the year ending March 31, 2009 : Between June and September 2009

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

The Equity Shares of the Company are listed on National Stock Exchange of India Limited (Stock Code JK Paper) and Bombay Stock Exchange Limited (Stock code 532162). Listing Fee for the year 2008-09 has been paid to the said Stock Exchanges.

(vi) Stock Market Price Data :

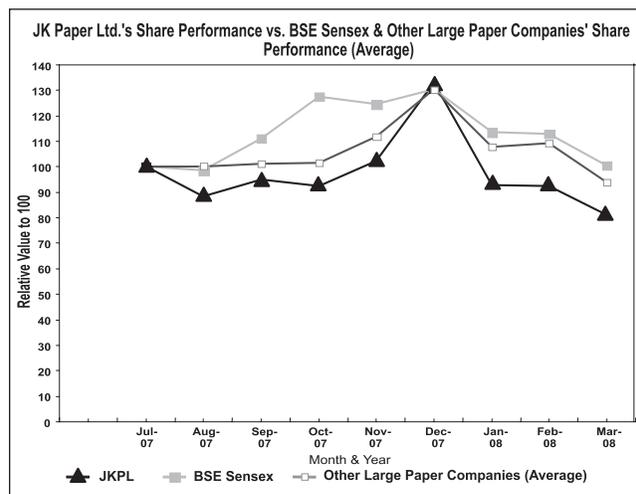
Month	Stock Market Price on Bombay Stock Exchange Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2007				
July	44.50	41.00	44.75	41.40
August	43.45	34.80	43.50	34.10
September	42.45	38.00	45.00	37.45
October	42.50	36.50	46.85	35.05
November	49.90	38.00	49.95	38.70
December	59.00	44.15	58.70	44.50
2008				
January	67.95	35.10	68.00	33.00
February	43.65	36.40	43.70	36.10
March	39.95	32.60	42.85	32.65

(Source: www.bseindia.com)

(Source : www.nseindia.com)



(vii) **JK Paper Ltd.'s Share Performance vs. BSE Sensex & Other Large Paper Companies' Share Performance (Average) [July 07 to March 08]:**



(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 2008, 99.95% of the Company's Equity Share Capital was in dematerialised form.

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

(ix) **Share transfer system :**

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

(x) (a) **Distribution of Equity Shareholding (both in physical and electronic form) as on 31st March 2008:**

Number of Equity Shares held	Shareholders		Shares Held	
	Number	%	Number	%
1 to 500	13,378	79.95	23,71,316	3.03
501 to 1,000	1,634	9.77	14,29,862	1.83
1,001 to 5,000	1,291	7.72	29,90,869	3.83
5,001 to 10,000	211	1.26	16,00,410	2.05
Over 10,000	218	1.30	6,97,57,482	89.26
Total	16,732	100.00	7,81,49,939	100.00

(b) **Pattern of Equity Shareholding (both in physical and electronic form) as on 31st March 2008:**

Category	No. of Equity Shares held	Percentage of Shareholding
Domestic Companies	3,35,96,168	42.99
Resident Individuals	2,21,76,750	28.38
FIs, Mutual Funds & Banks	28,50,888	3.65
Foreign Investors/FIIs / NRIs	1,95,26,133	24.98
Total	7,81,49,939	100.00

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

GDRs : 77 lacs Global Depository Receipts (GDRs) issued by the Company on 30th March 2006 were converted during the year into 77 lacs Equity shares of Rs. 10/- each of the Company.

FCCBs : 1.25% Foreign Currency Convertible Bonds (FCCBs) issued by the Company on 30th March 2006 redeemable on the expiry of five years (due 2011) aggregating to US \$ 5 Million are convertible into 23,52,105 Equity Shares at conversion price of Rs. 95/- per share at the option of the Bond holder(s), on receipt of conversion notice. The FCCBs are listed on the Luxembourg Stock Exchange. (Code: US4662081052).

(xii) **Plant locations**

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

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

- I. Registrar and Share Transfer Agent (RTA)
M/s MCS Limited,
Sri Venkatesh Bhavan, W-40, Okhla
Industrial Area, Phase-II, New Delhi-110 020
Ph. (011) 41406149/51/52
Fax No.(011)-41709881
E-mail: admin@mcsdel.com

- 2. Company Secretary
JK Paper Limited
Gulab Bhawan (Rear Block - 3rd Floor)
6A, Bahadur Shah Zafar Marg
New Delhi-110 002
Ph. 011-41011116 (ext : 274, 392, 677)
Fax No. 91-11-23739475

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

In compliance of Clause 47(f) of the Listing Agreement, “sharesjkpaper@jkm.com” is the e-mail ID exclusively for the purpose of registering complaints by investors.

10. DECLARATION:

This is to confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management adopted by the Board.

Harsh Pati Singhania
Managing Director

11. CODE FOR PREVENTION OF INSIDER TRADING:

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



AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of JK Paper Limited

We have examined the compliance of conditions of Corporate Governance by JK Paper Limited for nine months period ended on 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

We state that no investor grievance is pending for a period exceeding one month against the company as per records maintained by the shareholders/Investors grievance committee.

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

For LODHA & CO.
Chartered Accountants

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

Place : New Delhi
Date : 26th June 2008

N.K.Lodha
Partner
(Membership No.85155)

Atul Seksaria
Partner
(Membership No. 86370)

Disclosure of names of persons constituting group in relation to JK Paper Limited pursuant to Regulation 3 (I) (e) (i) of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997.

Mayfair Finance Ltd., Sidhi Vinayak Investment Ltd., Terrestrial Finance Ltd., Yashodhan Investment Ltd., JK Lakshmi Cement Limited, JK Tyre & Industries Ltd., Hansdeep Investment Ltd., Panchanan Investment Ltd., Radial Finance Ltd., Hidrive Finance Ltd., Modern Cotton Yarn Spinners Ltd., Southern Spinners and Processors Ltd., Netflir Finco Ltd., Fenner (India) Ltd., BMF Investments Ltd., JK Agri Genetics Ltd., Florence Alumina Ltd., JK Sugar Ltd., Bengal & Assam Company Ltd., Navbharat Vanijya Ltd., Juggilal Kamlapat Udyog Ltd., Pranav Investment (MP) Company Ltd., Param Shubham Vanijya Ltd., J.K. Credit & Finance Ltd., Ashim Investment Company Ltd., Accurate Finman Services Ltd., Bhopal Udyog Ltd., M/s. Habras International., Sago Trading Ltd., Swasthya Medicare Services Ltd., Dwarkesh Energy Ltd., Saptarishi Consultancy Services Ltd., M/s. Juggilal Kamlapat Lakshmiapat., JK Enviro-Tech Ltd., LVP Foods Pvt. Ltd., Rouncy Trading Pvt. Ltd., JK Risk Managers and Insurance Brokers Ltd. and Directors of the promoter group and their relatives.

AUDITORS' REPORT

To the Members of JK PAPER LIMITED

We have audited the attached Balance Sheet of JK PAPER Limited, as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the nine months ended ("the period") on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;

- (e) On the basis of written representations received from the directors of the company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the companies act, 1956;

- (f) *Attention is invited to:*

Charging off one time additional interest amounting to Rs. 240 Lac and diminution in the value of long term investments of Rs. 452.50 Lac to the Profit and Loss and transferring an equivalent amount from General Reserve to the Profit and Loss Account as stated in Note No. B-7 of Schedule 20.

Had the clause (f) above been considered, profits for the period would have been lower by Rs.692.50 Lac and General Reserve would have been higher by Rs. 692.50 Lac.

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

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
- ii) In the case of the Profit & Loss Account, of the Profit for the period ended on that date; and
- iii) In the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

For LODHA & CO.
Chartered Accountants

(N. K. LODHA)
Partner
Membership No.: - 85155

Place : New Delhi
Date : 26th June, 2008

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

(ATUL SEKSARIA)
Partner
Membership No.: - 86370



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (I) of our Report of even date of J.K. PAPER LIMITED for the period ended 31st March 2008)

- 1) (a) The Company has maintained proper records in respect of its fixed assets showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management according to the programme of periodical verification in phased manner which in our opinion is reasonable having regards to the size of the Company and the nature of its Fixed Assets. The discrepancies noticed on such physical verification were not material.
- (c) As per the records and information and explanations given to us, no substantial part of fixed assets has been disposed off during the period.
- 2) (a) We have been explained by the management that the inventory have been physically verified at reasonable intervals during the period and confirmations are obtained where inventory are lying with third parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory. As far as we can ascertain and according to information and explanations given to us by the management, the discrepancies whenever material noticed on such physical verification of inventory as compared to book records were properly dealt with in the books of accounts.
- 3) The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (b) to (d) and (f) & (g) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is reasonable internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5) (i) According to the information and explanations provided by the management and based upon audit procedures performed, we are of the opinion that the particulars of contracts or arrangements that needs to be entered into register maintained pursuant to section 301 of the Act have been so entered; and
- (ii) In our opinion and according to information and explanations given to us the transactions, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of five lac rupees in respect of each party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve

Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under with regard to deposits accepted from the public. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.

- 7) The company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate and complete.
- 9) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Income Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March 2008.
- (b) According to the records and information and explanation given to us, there are no dues in respect of wealth tax, service tax and custom duty that have not been deposited with the appropriate authorities on account of any dispute and the dues in respect of sales

tax, income tax, excise duty and cess that have not been deposited with the appropriate authority on account of dispute and the forum where the dispute is pending are given below:-

Nature of statute	Nature of dues	Period to which the amount relates	Amount Involved (Rs. in Lac)	Forum where dispute is pending
Sales Tax Act	Sales Tax	2002-03 1995-96/1997-98/ 2002-07	0.73 75.95	Dy. Commissioner, Delhi Sales Tax Tribunal, Cuttack
Central Excise Act	Excise duty	1979-80/1981-82 1982-83 1987-94 1980-86	89.20 40.75 130.63 20.44	High Court, Delhi Supreme Court High Court, Kolkata Collector (Appeals), Mumbai
Income Tax Act, 1961	Income Tax	2004-05	10.40	Commissioner of Income Tax (Appeals), Surat
Provident Fund Act	Provident Fund	2006-07	28.24	High Court of Orissa, Cuttack
Water (PCP) Cess Act, 1977	Cess	2000-05	19.34	Cess Appellate Committee, OSPCCB, Bhubneshwar

- 10) The company does not have accumulated losses and has not incurred cash losses during the current period and in the immediately preceding financial period.
- 11) In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the company has not defaulted in repayment of any dues to banks, financial institutions and debenture/bond holders.
- 12) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund or a nidhi/mutual benefit fund/society, therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- 14) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the company has given an undertaking



to Infrastructure Development Finance Company Limited against loan given to JK Enviro-tech Limited amounting to Rs. 4,000 Lac as stated in note no. B.3 (b) of schedule 20. In our opinion, the terms and conditions on which the company has given the undertaking is not prima facie prejudicial to the interest of the company. As explained to us, the company has not given any guarantee for loans taken by others from banks.

16) In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which they were obtained.

17) According to information and explanations given to us and on an overall examination of the Balance Sheet of the company, funds raised on short-term basis have not been used for long-term investment.

18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the period.

19) According to the information and explanations given to us and the records examined by us, no security or charge is required to be created in respect of the debentures/bonds issued/outstanding as at year end.

20) The company has not raised any money through a public issue during the period.

21) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the period, nor have we been informed of such case by the management.

For LODHA & CO.
Chartered Accountants

(N. K. LODHA)
Partner
Membership No.: - 85155

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

(ATUL SEKSARIA)
Partner
Membership No.: - 86370

Place : New Delhi
Date : 26th June, 2008

BALANCE SHEET

AS AT 31ST MARCH, 2008

Rs. in crore (10 Million)

	Schedule	31 st March, 2008	30 th June, 2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	78.96	78.96
Reserves and Surplus	2	313.62	300.25
		<u>392.58</u>	<u>379.21</u>
LOANS			
Secured Loans	3	583.54	595.49
Unsecured Loans	4	137.78	107.29
		<u>721.32</u>	<u>702.78</u>
Deferred Tax Liability (Net)		94.28	95.20
	TOTAL	<u>1,208.18</u>	<u>1,177.19</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,367.52	1,071.20
Less: Depreciation		418.06	375.17
Net Block		<u>949.46</u>	<u>696.03</u>
Capital work-in-progress		16.23	265.57
		<u>965.69</u>	<u>961.60</u>
INVESTMENTS			
	6	2.75	5.57
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	120.34	96.41
Sundry Debtors	8	110.87	107.24
Cash and Bank Balances	9	3.50	4.83
Other Current Assets		41.70	-
Loans and Advances	10	131.74	176.80
		<u>408.15</u>	<u>385.28</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
	11	171.09	177.65
NET CURRENT ASSETS			
		<u>237.06</u>	<u>207.63</u>
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)		2.68	2.39
	TOTAL	<u>1,208.18</u>	<u>1,177.19</u>

NOTES ON ACCOUNTS

20

Schedules 1 to 11 and 20 attached to the Balance Sheet are an integral part thereof.

As per our report of even date

FOR LODHA & CO.
Chartered Accountants

N.K. LODHA
Partner

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants

ATUL SEKSARIA
Partner

S.C. GUPTA
Company Secretary

H.S. SINGHANIA
H.P. SINGHANIA

ARUN BHARAT RAM
DHIRENDRA KUMAR
GAJANAN KHAITAN
O.P. GOYAL
R.V. KANORIA
SHAIENDRA SWARUP
UDAYAN BOSE

Chairman
Managing Director

Directors

New Delhi, the 26th June, 2008



PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED 31ST MARCH, 2008

Rs. in crore (10 Million)

	Schedule	2007-08 (9 Months)	2006-07 (12 Months)
INCOME			
Sales		749.31	932.55
Less: Discounts		76.09	93.92
		<u>673.22</u>	<u>838.63</u>
Less: Excise Duty		66.50	82.22
Net Sales		<u>606.72</u>	<u>756.41</u>
Other Income	12	7.87	4.31
		<u>614.59</u>	<u>760.72</u>
Increase / Decrease() in Stocks	13	4.09	(0.87)
		<u>618.68</u>	<u>759.85</u>
EXPENDITURE			
Employees	14	71.00	89.88
Materials and Manufacturing	15	410.76	485.09
Other Expenses	16	20.85	27.00
		<u>502.61</u>	<u>601.97</u>
PROFIT BEFORE INTEREST AND DEPRECIATION		<u>116.07</u>	<u>157.88</u>
Interest & Financial Charges	17	35.29	35.72
Exceptional Items		6.93	-
Less: Transfer from General Reserve (Note no. B.7, Schedule 20)		6.93	-
PROFIT BEFORE DEPRECIATION & TAX		<u>80.78</u>	<u>122.16</u>
Depreciation	18	45.86	50.47
PROFIT BEFORE TAX		<u>34.92</u>	<u>71.69</u>
Provision for Current Tax		6.13	5.02
Provision for Fringe Benefit Tax		0.99	1.51
MAT Credit Entitlement		(6.13)	(5.02)
PROFIT BEFORE DEFERRED TAX		<u>33.93</u>	<u>70.18</u>
Provision for Deferred Tax		(0.78)	24.27
PROFIT AFTER TAX		<u>34.71</u>	<u>45.91</u>
Debenture Redemption Reserve Written Back		2.44	-
Surplus brought forward		73.78	54.74
		<u>110.93</u>	<u>100.65</u>
Appropriations:			
Debenture Redemption Reserve		-	0.35
Capital Redemption Reserve		-	0.76
General Reserve		3.25	5.00
Proposed Dividend	19	11.78	17.74
Corporate Dividend Tax		2.00	3.02
Surplus carried to Balance Sheet		93.90	73.78
		<u>110.93</u>	<u>100.65</u>
Earnings per Share (Rs.):			
- Basic		4.43	5.85
- Diluted		4.31	5.68

NOTES ON ACCOUNTS

20

Schedule 12 to 20 attached to the Profit and Loss Account are an integral part thereof.

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

FOR LODHA & CO.
Chartered Accountants

N.K. LODHA
Partner

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants

ATUL SEKSARIA
Partner

S.C. GUPTA
Company Secretary

H.S. SINGHANIA
H.P. SINGHANIA

ARUN BHARAT RAM
DHIRENDRA KUMAR
GAJANAN KHAITAN
O.P. GOYAL
R.V. KANORIA
SHAIENDRA SWARUP
UDAYAN BOSE

Chairman
Managing Director

Directors

New Delhi, the 26th June, 2008

Rs. in Lac (0.1 Million)

31st March, 200830th June, 2007**Schedule I****CAPITAL****Authorised :**

Equity Shares - 20,00,00,000 (Previous year - 20,00,00,000) of Rs.10 each	20,000.00	20,000.00
Redeemable Preference Shares - 3,00,00,000 (Previous Year - 3,00,00,000) of Rs.100 each	30,000.00	30,000.00
	<u>50,000.00</u>	<u>50,000.00</u>

Issued, Subscribed and Paid-up :

Equity Shares - 7,81,49,939 (Previous year 7,81,49,939) of Rs. 10 each fully paid up (a)	7,814.99	7,814.99
10% Cumulative Redeemable Preference Shares - 81,000 (Previous Year 81,000) of Rs.100 each fully paid-up (b)	81.00	81.00
	<u>7,895.99</u>	<u>7,895.99</u>

Notes :

- (a) Includes 77,00,000 Equity Shares of Rs. 10/- each allotted on conversion of Global Depository Receipts (GDR's).
- (b) These shares were allotted as fully paid-up pursuant to the Scheme sanctioned by the Hon'ble High Courts of Orissa & Gujarat. Series C & D of Rs. 40 Lac and Rs. 21 Lac are redeemable on 30th day of June, 2008 and 2009 respectively alongwith premium on redemption of Rs. 545 Lac with each Series. Series E, F and G of Rs. 11 Lac, Rs. 6 Lac and Rs. 3 Lac are redeemable on 30th day of June, 2010, 2011 and 2012 respectively alongwith premium on redemption of Rs. 546 Lac with each Series.

Schedule 2**RESERVES AND SURPLUS**

Description	1 st July 2007	Additions	Transfers/ Adjustments	31 st March, 2008
Debenture Redemption Reserve	244.46	-	(a) 244.46	-
Capital Redemption Reserve	219.00	-	-	219.00
Revaluation Reserve	684.81	-	(b) 34.94	649.87
Securities Premium	19,804.36	-	-	19,804.36
General Reserve	1,694.92	325.00	(c) 720.25	1,299.67
Surplus in Profit and Loss Account	7,377.72	9,389.44	(a) 7,377.72	9,389.44
	30,025.27	9,714.44	8,377.37	31,362.34

- (a) To Profit and Loss Account
- (b) To Profit and Loss Account towards additional Depreciation arising out of revaluation of Fixed Assets (Previous year Rs. 52.29 Lac).
- (c) Transfer of Rs 692.50 Lac (note no. B 7, Schedule 20) to Profit & Loss Account and Rs. 27.75 Lac adjusted against transitional provision of employee benefits (note no. B 10 (g), Schedule 20).



Rs. in Lac (0.1 Million)

31st March, 2008

30th June, 2007

Schedule 3

SECURED LOANS

Zero Coupon Bonds	-	1,144.22
Term Loans from Financial Institutions	7,098.78	5,941.43
Term Loans from Banks	41,259.56	41,269.95
Working Capital Loans from Banks	9,995.81	11,193.80
	<u>58,354.15</u>	<u>59,549.40</u>

Notes:

A

(i) Term Loans of Rs 840.92 Lac (Fls – Rs.115.97 Lac, Banks Rs. 724.95 Lac) are secured by first pari passu mortgage/charge created on the immovable & movable assets of Unit JK Paper Mills (JKPM) and immovable & movable assets acquired after 01.04.2000 of Unit Central Pulp Mills (CPM) of the Company.

(ii) Terms Loans of Rs 43,733.95 Lac (Fls – Rs 5,982.33 Lac, Banks Rs 37,751.62 Lac) are secured by means of first pari passu mortgage/charge created on the fixed assets of the company save and except specific assets exclusively charged in favour of specified lenders as mentioned in clause B and C.

B Term Loan of Rs 2,407.99 Lac from Banks and Direct discounting facility (equipment) of Rs. 1,000.48 lac from Financial Institution are secured by an exclusive charge by way of hypothecation on the specified assets of the Company.

C Term Loan of Rs 375.00 Lac from Bank is secured by exclusive charge on the specific and movable assets of Unit CPM existing before 01.04.2000 . The said term loan is further secured by first pari passu charge on immovable assets of Unit CPM existing before 01.04.2000.

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

E Installments of Term Loans repayable within one year - Rs. 8,467.03 Lac.

F Terms loans from Financial Institutions and Banks include Rs. 14,940.24 Lac foreign currency loans.

Rs. in Lac (0.1 Million)

31st March, 200830th June, 2007**Schedule 4****UNSECURED LOANS**

Fixed Deposits	1,824.23	1,947.25
1.25% Foreign Currency Convertible Bonds due 2011 (FCCB's)	1,998.50	2,051.50
Short-Term Loans from Banks	8,000.00	-
Buyers Credit facilities from Bank	1,721.05	952.43
Interest free Deferred Payment Liabilities	233.76	578.05
Term Loan from Others	-	5,200.00
	<u>13,777.54</u>	<u>10,729.23</u>

Note:

The bondholders have an option to convert FCCB's into equity shares at an initial conversion price of Rs. 95 per equity share at a fixed rate of exchange of Rs. 44.69=US \$ 1, from April 4, 2006 to March 17, 2011. The bonds are redeemable on March 30, 2011 at 130.441 percent of the principal amount, unless previously converted or purchased and cancelled. Premium on redemption, if any, will be provided in the year of redemption.

Schedule 5**FIXED ASSETS**

Rs. in Lac (0.1 Million)

Description	GROSS BLOCK (b)				DEPRECIATION				NET BLOCK	
	As at 1st July, 2007	Additions/ Adjustments	Sales/ Adjustments	As at 31st March, 2008	Upto last year	For the Nine Months	On Sales/ Adjustments	To date	As at 31st March, 2008	As at 30th June, 2007
Land - Freehold	(a) 326.30	-	-	326.30	-	-	-	-	326.30	326.30
- Leasehold	20.60	-	-	20.60	1.88	0.20	-	2.08	18.52	18.72
Buildings	10,598.69	2,950.96	-	13,549.65	2,611.43	231.34	-	2,842.77	10,706.88	7,987.26
Plant & Machinery	92,203.64	26,739.40	332.95	118,610.09	33,509.25	4,053.09	312.03	37,250.31	81,359.78	58,694.39
Furniture, Fixtures & Equipments	1,335.84	167.61	17.70	1,485.75	541.12	96.03	8.53	628.62	857.13	794.72
Vehicles & Locomotives	1,006.65	204.62	127.03	1,084.24	247.63	70.36	42.88	275.11	809.13	759.02
Railway Sidings	464.41	-	-	464.41	142.58	15.90	-	158.48	305.93	321.83
Intangible Assets (c)										
- Performance Improvement & Development	486.89	-	-	486.89	348.95	73.07	-	422.02	64.87	137.94
- Software	676.98	47.18	-	724.16	114.05	112.88	-	226.93	497.23	562.93
						(d)				
Total	107,120.00	30,109.77	477.68	136,752.09	37,516.89	4,652.87	363.44	41,806.32	94,945.77	69,603.11
Previous year	101,264.68	6,601.79	746.47	107,120.00	32,679.87	5,126.05	289.03	37,516.89	69,603.11	

Notes:

- Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees.
- Gross Block includes amount of revaluation (Note no. B.6, Schedule 20)
- Intangible Assets are being depreciated @ 20% p.a.
- Depreciation for the period aggregating to Rs. 31.61 Lac (Previous year Rs. 26.88 Lac) has been allocated to pre-operative expenses.



Rs. in Lac (0.1 Million)

31st March, 2008

30th June, 2007

Schedule 6

INVESTMENTS (Non-trade)

Long-term Investments (Quoted)

(Equity Shares fully paid up)

	Nos.	Book Value	Nos.	Book Value
JK Lakshmi Cement Ltd.	1,08,000	51.56	1,08,000	51.56
JK Udaipur Udyog Ltd.	50,00,000	500.00	50,00,000	500.00
Ashim Investment Company Ltd.	12,000	5.73	12,000	5.73

Long-term Investments (Unquoted)

JK Enviro-tech Ltd. - Equity Shares	17,00,000	170.00	-	-
JK Paper Mills Employees' Co-Operative Stores Ltd. - Equity Shares	250	0.02	250	0.02
Government Securities (Deposited with Government Departments)	-	0.03	-	0.03

727.34 **557.34**

Less : Provision for diminution in value of Investments
(Note no. B.7, Schedule 20)

(452.50) -

274.84 **557.34**

Aggregate book value of quoted investments	104.79	557.29
Aggregate book value of unquoted investments	170.05	0.05
Aggregate market value of quoted investments	178.60	188.19

Purchased and Sold during the current period.

SBI - Magnum Institutional Income Fund Growth Plan - 8,08,270 units.

Schedule 7

INVENTORIES

(As certified by the Management)

Raw Materials	4,660.08	3,322.07
Stores, Spares and Chemicals	3,685.72	3,263.71
Finished Goods	2,214.84	2,253.51
Stock-in-process	1,473.22	801.42
	12,033.86	9,640.71

Rs. in Lac (0.1 Million)
30th June, 2007

31st March, 2008

Schedule 8

SUNDRY DEBTORS

(Unsecured and considered good, net of provision)

Exceeding six months	2,225.44	2,108.85
Other Debts	8,861.70	8,615.25
	11,087.14	10,724.10

Schedule 9

CASH AND BANK BALANCES

Cash on hand	24.78	29.43
Cheques/Drafts on hand	12.75	131.74
Balances with Scheduled Banks :		
On Current Accounts	76.22	5.15
On Unclaimed Dividend Accounts	8.08	8.14
On Deposit Accounts (Lodged with Government Authorities and Others Rs. 65.78 Lac, Previous year Rs. 65.09 Lac)	227.10	306.83
On Savings Bank Accounts (Employees Security Deposit)	1.02	1.24
	349.95	482.53

Schedule 10

LOANS AND ADVANCES

(Unsecured and considered good, net of provision)

Advances recoverable in cash or in kind or for value to be received	9,875.35	14,731.19
Income Tax (Net)	498.58	647.83
MAT Credit Entitlement	1,576.56	963.10
Deposits with Government Authorities and Others	1,223.51	1,338.04
	13,174.00	17,680.16



Rs. in Lac (0.1 Million)

31st March, 2008

30th June, 2007

Schedule 11

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities :

Acceptances	-	18.64
Sundry Creditors	11,478.08	10,926.38
Unclaimed Dividends @	8.06	8.14
Unclaimed Matured Deposits @	56.35	101.95
Interest accrued on Unclaimed Matured Deposits @	6.66	13.60
Other Liabilities	2,463.87	2,674.41
Interest accrued but not due on Loans	362.23	509.83
	<u>14,375.25</u>	<u>14,252.95</u>

Provisions:

Provision for Fringe Benefit Tax (Net)	29.21	33.00
Proposed Dividend	1,178.33	1,766.47
Tax on Proposed Dividend	200.26	300.21
Provision for Employee Benefits	1,325.95	1,411.88
	<u>17,109.00</u>	<u>17,764.51</u>

@ There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

2007-08	2006-07
(9 Months)	(12 Months)

Schedule 12

OTHER INCOME

Profit on sale of Fixed Assets (Net)	-	22.92
Provisions of earlier years no longer required (Net)	181.56	69.93
Profit on sale of Current Investments	0.04	5.54
Miscellaneous Income (Note no. B.11 (a), Schedule 20)	605.46	332.11
	<u>787.06</u>	<u>430.50</u>

Schedule 13

INCREASE / DECREASE () IN STOCKS

Opening Stocks

Stock-in-process	801.42	710.06
Finished Goods	2,040.76	2,218.79

Stock Carried from Pre-operation period :

Stock-in-process	195.19	-
Finished Goods	241.88	-
	<u>3,279.25</u>	<u>2,928.85</u>

Closing Stocks

Stock-in-process	1,473.22	801.42
Finished Goods	2,214.84	2,040.76
	<u>3,688.06</u>	<u>2,842.18</u>

Increase / Decrease ()	<u>408.81</u>	<u>(86.67)</u>
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	2007-08 (9 Months)	Rs. in Lac (0.1 Million) 2006-07 (12 Months)
Schedule 14		
EMPLOYEES		
Salaries, Wages, Bonus and Gratuity etc.	5,828.70	7,352.47
Contribution to Provident and Other Funds	401.27	496.32
Employees' Welfare and other benefits	870.44	1,138.98
	<u>7,100.41</u>	<u>8,987.77</u>

Schedule 15		
MATERIALS AND MANUFACTURING		
Raw Materials Consumed	15,053.88	17,485.50
Excise Duty on variation of Stock	(91.50)	18.13
Consumption of Stores, Spares and Chemicals	13,576.89	17,062.16
Purchase of Finished Goods	5,667.75	7,197.75
Power, Fuel and Water	6,318.53	6,036.48
Repairs to Buildings	311.40	394.19
Repairs to Machinery	239.08	314.74
	<u>41,076.03</u>	<u>48,508.95</u>

Schedule 16		
OTHER EXPENSES		
Rent (Net)	103.70	137.26
Rates & Taxes	38.67	29.87
Insurance	32.31	96.83
Commission on Sales	28.07	34.39
Directors' Fee	1.13	2.13
Directors' Commission	15.75	20.00
Loss on Sale of Fixed Assets (Net)	0.19	-
Deferred Revenue Expenditure Written off	127.77	229.32
Bank charges, Printing & Stationery, Postage, Telephone and Other Misc. Expenses	1,737.02	2,150.35
	<u>2,084.61</u>	<u>2,700.15</u>



	2007-08 (9 Months)	Rs. in Lac (0.1 Million) 2006-07 (12 Months)
Schedule 17		
INTEREST & FINANCIAL CHARGES		
Interest on :		
Term Loans, Debentures and Fixed Deposits	2,950.44	3,349.08
Others	835.87	604.12
Exchange Fluctuation	288.96	-
	<u>4,075.27</u>	<u>3,953.20</u>
Less: Interest Income		
(Include Tax deducted at Source - Rs. 94.74 Lac Previous year Rs. 72.96 Lac)	561.32	384.00
	<u>3,513.95</u>	<u>3,569.20</u>
Lease-rent on Machinery	14.56	2.61
	<u>3,528.51</u>	<u>3,571.81</u>
Schedule 18		
DEPRECIATION		
Depreciation on Fixed Assets	4,621.26	5,099.17
Less: Transferred from Revaluation Reserve	34.94	52.29
	<u>4,586.32</u>	<u>5,046.88</u>
Schedule 19		
PROPOSED DIVIDEND		
On Preference Shares - Interim	3.01	7.60
- Proposed	3.08	8.10
On Equity Shares - Interim	-	-
- Proposed	1,172.25	1,758.37
	<u>1,178.34</u>	<u>1,774.07</u>

Schedule 20

NOTES ON ACCOUNTS

A. Significant Accounting Policies

1. Accounts are maintained on accrual basis. Claims/Refunds not ascertainable with reasonable certainty are accounted for on settlement basis.
2. Fixed Assets are stated at cost adjusted by revaluation of certain assets.
3. Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/ erection.
4. Assets and liabilities relating to foreign currency transactions are stated at exchange rate prevailing at the end of the year and exchange difference in respect thereof is charged to Profit and Loss Account. The cost of forward exchange contract is spread over the period of the contract and charged to Profit and Loss Account.
5. 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.
6. 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.
7. Export incentives, Duty drawbacks and other benefits are recognized in the Profit and Loss Account. Project subsidy is credited to Capital Reserve.
8. Revenue expenditure on Research and Development is charged to Profit and Loss Account in the year in which it is incurred and capital expenditure is added to Fixed Assets.
9. Borrowing cost is charged to Profit and Loss Account except cost of borrowing for acquisition of qualifying assets which is capitalised till the date of commercial use of the asset.
10. (a) Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method considering the rates in force at the time of respective additions of the assets made before 02.04.1987 and on additions thereafter at the rates and in the manner specified in Schedule XIV of the Companies Act 1956. Continuous Process Plants as defined in Schedule XIV have been considered on technical evaluation. Depreciation on addition due to exchange rate fluctuation is provided on the basis of residual life of the assets. Depreciation on assets costing up to Rs. 5,000/- and on Temporary Sheds is provided in full during the year of additions.
(b) 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.
(c) Leasehold Land is being amortised over the lease period.



Schedule 20 (Contd...)

11. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the profit and loss account 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.
12. Employee Benefits:
 - (a) Defined Contribution Plan
Employee benefit in the form of Superannuation Fund is considered as defined contribution plan and charged to the Profit and Loss Account in the year when the contribution to the respective fund is due.
 - (b) Defined Benefit Plan
Retirement benefits in the form of Gratuity is considered as defined benefit obligation and provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Balance Sheet.

The Provident Fund Contribution is made to trust administered by the trustees. The interest rate to the members of the trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. Any shortfall, if any, shall be made good by the Company.
 - (c) 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 Profit and Loss Account.
13. Lease rentals in respect of assets taken on finance lease are accounted for in reference to lease terms.
14. Miscellaneous expenditure are amortised as under:

Expenditure incurred against which benefit is expected to flow into future periods, are treated as Deferred Revenue Expenditure and charged to Revenue Account over the expected duration of benefit.
15. 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.
16. 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.
17. 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.
18. Premium on redemption of preference shares is accounted for in the year of redemption.

Schedule 20 (Contd..)

B. NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account (Net of Advances) Rs. 1,974.67 Lac (Previous year Rs. 4,372.41 Lac).

2. Contingent liabilities in respect of claims not acknowledged as debts are as follows:

	Rs. in Lac (0.1 Million)	
	31 st March, 2008	30 th June, 2007
a) Excise duty liability in respect of matters in appeals	299.90	299.90
b) Sales tax liability in respect of matters in appeals	323.00	432.10
c) Other Matters	1783.74	1741.60
d) Foreign Exchange Fluctuation Liability (Pertaining to Pre-take over period)	-	379.94

Above claims are likely to be decided in favour of the company, hence, not provided for.

3. a) 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.
b) The Company has entered into a Take or Pay agreement for the purpose of sourcing lime from JK Enviro-tech Ltd. The Company has given an undertaking that on the happening of certain events, it will takeover Loan taken by JK Enviro-tech Ltd. from IDFC Ltd. of the value of Rs. 40 Crore.
4. In respect of levy of Octroi pertaining to Central Pulp Mills Unit by Songadh Group Gram Panchayat, the Company has paid Rs.125.07 Lac till 31st March 1997 under protest and also created a liability for the similar amount. As the matter is still pending in the court of law, the necessary adjustment, if any, would be made after its disposal.
5. The Company has only one business segment i.e. Paper and Boards and geographical reportable segment i.e. Operations within India, hence Segment Reporting as defined in Accounting Standard (AS – 17) is not required.
6. Land, Roads, Buildings and Pulp Mill Plant & Machinery of Central Pulp Mills Unit were revalued as on 30.09.1976. The revaluation in respect of these assets (other than Land and Roads) were updated and Plant & Machinery of Paper Machine I & II and Railway Sidings were revalued as on 31.3.1994 based on current replacement cost by the approved valuers appointed for the purpose. As a result, the book value of such assets has been increased by Rs. 4,227.24 Lac, which has been transferred to Revaluation Reserve during the year ended 31.3.1994.
7. During the period, Company paid an amount of Rs. 240 Lac as one time additional interest charges on prepayment of high cost loans and also provided for Rs. 452.50 Lac for diminution in the value of a certain long term investment which have been charged to profit and loss account as exceptional items and equivalent amount have been transferred from General Reserve.
8. Loans and Advances are net of provisions for doubtful advances of Rs. 43.17 Lac (Previous year Rs. 43.17 Lac) and include loans to JK Paper Employees' Welfare Trust of Rs. 3,398.45 Lac (Previous year Rs. 7,870 Lac), to body corporate Rs.101.92 Lac (Previous year Rs. 112.65 Lac), loan to employees of Rs. 61.77 Lac (Previous year Rs. 51.74 Lac) in the ordinary course of business and as per service rules of the Company.
Maximum amounts outstanding from employees at any time during the period were Rs. 75.76 Lac (Previous year Rs. 64.38 Lac).
9. a) Sales include export incentives of Rs. 77.92 Lac (Previous year Rs. 142.45 Lac).
b) Discount includes Trade Discount Rs 2,526.99 Lac (Previous year Rs. 3,176.98 Lac) and other than Trade Discount Rs 5,081.52 Lac (Previous year Rs 6,215.50 Lac).



Schedule 20 (Contd...)

10. Employee Defined Benefits:

(a) Defined Benefit Plans/Long Term Compensated Absences–As per Actuarial Valuation on 31st March 2008.

Nature of Transactions	Gratuity (Funded)	Long Term Compensated Absences (Non Funded)
	Rs. in Lac (0.1 Million)	
I Expenses recognized in the Statement of Profit & Loss Account for the period ended 31 st March 2008		
1 Current Service Cost	80.48	36.74
2 Interest Cost	134.66	23.97
3 Expected return on plan assets	(77.66)	–
4 Actuarial (gains)/losses	55.47	47.52
5 Total expense	192.95	108.23
II Net Assets/(Liability) recognized in the Balance Sheet as at 31 st March 2008		
1 Present Value of Defined Benefit Obligation as at 31 st March 2008	2,306.13	507.70
2 Fair Value of plan assets as at 31 st March 2008	1,487.88	–
3 Funded status [Surplus/(Deficit)]	(818.25)	(507.70)
4 Net Assets/(Liability) as at 31 st March 2008	(818.25)	(507.70)
III Change in obligation during the period ended 31 st March 2008		
1 Present Value of Defined Benefit Obligation at the beginning of the period	2,244.32	399.47
2 Current Service Cost	80.48	36.74
3 Interest Cost	134.66	23.97
4 Actuarial (gains)/losses	61.02	47.52
5 Benefits Paid	(214.35)	–
6 Present Value of Defined Benefit Obligation at the end of the period	2,306.13	507.70
IV Change in Assets during the period ended 31 st March 2008		
1 Fair Value of plan assets at the beginning of the period	1,218.27	–
2 Expected return on plan assets	77.66	–
3 Contribution by employer	400.75	–
4 Actual benefits paid	(214.35)	–
5 Actuarial gains/(losses)	5.55	–
6 Fair value of plan assets at the end of the period	1,487.88	–
7 Actual return on plan assets	83.22	–
V The major categories of plan assets as % of total plan		
Mutual Funds	100%	–
VI Actuarial Assumptions:		
1 Discount Rate	8.00%	8.00%
2 Expected rate of return on plan assets	8.50%	–
3 Mortality	LIC (1994-96) duly modified	
4 Turnover rate	Age upto 30-3%, upto 44-2%, above 44-1%	
5 Salary Escalation	5.50%	

Schedule 20 (Contd...)

- (b) Defined Benefit Plans – Amount recognized as an expense and included in Schedule 14 Item “Salaries, Wages, Bonus and Gratuity etc.” includes Rs. 192.95 Lac for gratuity.
- (c) Defined Contribution Plans – Amount recognized as an expense and included in Schedule 14 & note 25 below, Item “Contribution to Provident and Other Funds” Rs. 416.84 Lac and Rs. 6.01 Lac being pre-operative expenses as per note 12 below for Provident Fund and Superannuation Fund.
- (d) Other long-term benefits – Amount recognized as an expense and included in Schedule 14 Item “Salaries, Wages, Bonus and Gratuity etc.” includes Rs. 108.23 Lac 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, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (g) During the period, Company has made provision for the employee benefits in accordance with the Accounting Standard-15 (revised 2005) “Employee Benefits” which has become applicable to the Company w.e.f. 1st July 2007 and Rs. 27.75 Lac (net of tax expense of Rs. 14.29 Lac) has been adjusted against opening balance of General Reserve (refer Schedule 2)
11. (a) Miscellaneous Income includes gain of Rs. 501.69 Lac (Previous year Rs. 257.74 Lac) on prepayment of loans and Rs. 2.16 Lac (Previous year Rs. 0.12 Lac) on account of dividend received during the period.
- (b) Interest Income includes Rs. 45.36 Lac (Previous year Rs. 18.15 Lac) on deposits with banks, Rs. 9.97 Lac (Previous year Nil) on Income Tax refund & Rs. 505.99 Lac (Previous year Rs. 365.85 Lac) on others.
12. Capital Work in progress includes machinery in stock, fee for technical assistance, building under construction, advance to suppliers, development cost of intangible asset, pro-rata cost of pulp netted off from respective head of accounts & other pre-operative expenses pending allocation/capitalization. Pre-operative expenses pending allocation/capitalisation are as follows:

	31 st March, 2008	Rs. in Lac (0.1 Million) 30 th June, 2007
Cost of Pulp & Waste Paper	1,717.91	1,260.22
Power and Fuel	573.04	555.22
Consumption of Chemicals, Stores & Spares	421.53	235.64
Salaries & Wages	102.03	309.53
Contribution to P F & Other Funds	6.01	48.25
Employee Welfare & Other benefits	10.93	0.82
Fees for Technical Assistance	58.00	223.73
Insurance	2.86	29.40
Foreign Exchange Fluctuation (net)	-	(253.68)
Travelling expenses	3.89	56.27
Excise Duty	295.64	196.74
Miscellaneous & Other Expenses	16.48	22.86
Borrowing Cost:		
Interest on Term Loans	284.68	313.16
On others	144.48	440.27
Add: Opening Stock (as on 21.10.07)		
Finished Stock	212.75	-
Stock in process	-	-
	<u>3,850.23</u>	<u>3,438.43</u>
Less: Net Sales (inclusive of excise duty Rs. 295.64 Lac, Previous year Rs. 183.20 Lac)*	3,059.35	1,683.91
Finished Stock	195.19	212.75
Stock-in-process	241.88	-
Add: Expenditure upto previous year	2,324.83	1,119.80
Total	<u>2,678.64</u>	<u>2,661.57</u>
Less: Allocated to the Fixed Assets	<u>2,615.84</u>	<u>336.74</u>
	<u>62.80</u>	<u>2,324.83</u>

* Net of discounts Rs. 622.12 Lac (Previous year Rs. 300.85 Lac).



Schedule 20 (Contd...)

13. Other Current Assets includes Lime Kiln assets of Rs. 4,170.08 Lac held for sale to JK Enviro-tech Ltd. (Previous year Nil)
14. Stocks of Stores and Spares include in-transit Rs. 241.78 Lac (Previous year Rs. 191.18 Lac).
15. Sundry Debtors exceeding six months are net of provisions for doubtful debts of Rs. 58.79 Lac (Previous year Rs. 58.79 Lac).
16. In compliance with the Accounting Standard (AS) 11 notified in Companies (Accounting Standards) Rules, 2006 issued by Ministry of Corporate Affairs, exchange differences in respect of loans other than regarded as borrowing cost which were hitherto adjusted in the carrying cost of related assets have been recognised as income/expense in the Profit & Loss Account. Consequently, profit for the period and fixed assets are lower by Rs. 288.96 Lac.
17. Future minimum lease payments under non-cancelable operating leases as on 31st March 2008 are Rs. 72.58 Lac - Rs. 28.60 Lac within one year and Rs. 43.98 Lac later than one year but not later than five years (Previous year Rs. 31.72 Lac - Rs. 10.57 Lac within one year and Rs. 21.15 Lac later than one year but not later than five years).
18. (a) Based on information so far available with the company 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 period and there is no such dues payable at the end of the period.
(b) The Balances of certain Debtors, Advances, Security Deposits, Creditors and Other liabilities are in the process of confirmation/reconciliation.
19. Consumption of Stores, Spares and Chemicals is net of scrap sale of Rs. 293.09 Lac (Previous year Rs. 325.64 Lac).
20. (a) Exchange difference (net debit) amounting to Rs. 148.25 Lac (Previous year net debit Rs. 31.79 Lac) has been included in respective heads of account in Profit and Loss Account.
(b) In accordance with recent Announcement issued by the Institute of Chartered Accountants of India all outstanding derivatives except covered under AS 11 (revised 2003) are marked to market on Balance Sheet date and there is gain on mark to market basis which has not been recognized.
(c) Forward contract outstanding for purpose of hedging as at Balance Sheet date

Foreign Currency	31 st March, 2008		30 th June, 2007	
	FC in Million	Rs. in Lac	FC in Million	Rs. in Lac
(i) US Dollar*	7.62	3,043.89	9.02	3,700.93
(ii) Euro	1.01	635.31	0.58	320.68
(iii) Yen	-	-	1,284.59	4,280.26

*Net of receivables US \$ 0.99 Million – Rs. 394.58 Lac (Previous year US \$ 0.50 Million – Rs. 205.16 Lac)

- (d) Nominal amounts of Currency and Interest Rate Swaps for hedging entered into by the Company during the period and outstanding as at 31st March, 2008 amount to Rs. 7,353.04 Lac (Previous year Nil)
- (e) Foreign currency exposure not hedged as at Balance Sheet date

Foreign Currency	31 st March, 2008		30 th June, 2007	
	FC in Million	Rs. in Lac	FC in Million	Rs. in Lac
(i) US Dollar*	17.85	7,136.00	13.41	5,500.98
(ii) Euro	2.64	1,663.86	2.91	1,607.15
(iii) Yen	-	-	0.09	0.29
(iv) Sterling Pound	-	-	0.001	0.97
(v) Swedish Krona	0.09	5.23	-	-

*Net of receivables Nil (Previous year US \$ 0.22 Million – Rs. 88.75 Lac)

Schedule 20 (Contd...)

21. Research and Development expenditure amounting to Rs. 72.73 Lac (Previous year Rs. 146.12 Lac) has been charged to Profit and Loss Account.		
22. Miscellaneous Expenditure to the extent not written off include:		Rs in Lac (0.1 Million)
	31stMarch, 2008	30 th June, 2007
a) Deferred Revenue Expenditure amortised over the expected duration of benefit i.e. five years :		
i) Expenditure relating to forestry development, expenditure relating to enhancement of business performance including cost compression and strategic planning having long term benefits.	19.15	40.62
ii) Compensation paid to employees under VRS	174.33	86.52
b) Syndication Fee, Upfront Fee etc. amortised over tenure of loans	74.12	111.96
23. Amount Paid to Auditors (including service tax):	2007-08	2006-07
	(9 Months)	(12 Months)
(i) Statutory Auditors :		
Audit Fee	8.99	6.07
Tax Audit Fee	1.35	1.35
Other Services	2.88	1.14
Reimbursement of expenses	0.70	0.69
	13.92	9.25
(ii) Cost Auditors :		
Cost Audit Fee	0.44	0.44
Reimbursement of expenses	0.01	0.06
	0.45	0.50
24. Computation of net profit in accordance with section 198 read with section 309 of the Companies Act, 1956:		2007-08
		(9 Months)
Profit before tax as per Profit & Loss Account		3,492.17
Add : Managerial Remuneration	333.82	
Directors' Fee	1.13	
Commission to Non Executive Directors	15.75	
Wealth Tax	5.31	
Loss on sale of Fixed Assets (Net)	0.19	
		356.20
		3,848.37
Less: Gain on Prepayment of Loans		501.69
Less : Profit on sale of Current Investments		0.04
Net profit as per section 198 of the Companies Act, 1956		3,346.64
Commission payable, subject to overall ceiling of section 198 and 309 :		
a) Chairman (Whole-time Director), Managing Director and Whole-time Director as per terms of appointment		42.04
b) Non Executive Directors, as approved by the Board of Directors		15.75
	2007-08	2006-07
	(9 Months)	(12 Months)
Managerial Remuneration #:		
i) Salaries	157.04	202.96
ii) Commission	42.04	333.03
iii) Contribution to Provident and Other Funds	41.39	45.89
iv) Value of Perquisites(as per Income-Tax rules)	93.35	74.32
	333.82	656.20

Excludes actuarial provision of gratuity & leave encashment.



Schedule 20 (Contd...)

	Rs in Lac (0.1 Million)	
	2007-08	2006-07
	(9 Months)	(12 Months)
25. Expenses included under other heads of account:		
Salaries, Wages, Bonus and Gratuity etc.	102.50	288.37
Contribution to Provident and Other Funds	15.57	21.41
Employees' Welfare and Other benefits	29.40	47.87
Consumption of Stores and Spares	14.07	31.86
Power, Fuel and Water	0.33	0.59
Repairs to Buildings	0.11	0.10
Rent	5.49	5.93
Insurance	(1.59)	5.73
Rates and Taxes	0.53	19.73
Royalty for Bamboo	298.21	448.52
Miscellaneous Expenses	243.42	411.88
	<u>708.04</u>	<u>1281.99</u>
26. a) Pursuant to the Accounting Standard for 'Taxes on Income' (AS 22), deferred tax liability () / assets for the current period is:		
	31stMarch 2008	30 th June 2007
i) Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax.	(12,934.55)	(11,843.31)
ii) Tax on Carried forward unabsorbed depreciation	2,954.97	1,737.40
iii) Tax on Others	551.61	586.09
	<u>(9,427.97)</u>	<u>(9,519.82)</u>
b) Based on the past performance and current plans, the Company expects to continue to generate taxable income which will enable it to utilise the carried forward unabsorbed depreciation and MAT credit entitlement.		
c) During the current period Company has provided for Rs. 307.43 Lac as Current Tax for last year because of retrospective amendment to Section 115JB of Income Tax Act, 1961 by the Finance Act, 2008. However there is no impact on Profit after tax as MAT Credit has been recognized for an equivalent amount.		
27. Disclosure as required under 'Related Party Disclosures' (AS 18) issued by The Institute of Chartered Accountants of India are as below:		
a. List of Related Parties		
i. Associates		
JK Enviro-tech Limited (w.e.f. 19 th December 2007)		
JK Tyre & Industries Limited (ceased to be related party w.e.f. 18 th April 2007)		
JK Lakshmi Cement Limited (ceased to be related party w.e.f. 18 th April 2007)		
ii. Key Management Personnel		
Shri Hari Shankar Singhania	-	Chairman
Shri Harsh Pati Singhania	-	Managing Director
Shri Om Prakash Goyal	-	Whole-time Director

Schedule 20 (Contd...)

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

Rs. in Lac (0.1 Million)

Nature of Transactions	Associates		Key Management Personnel	
	2007-08 (9 Months)	2006-07 (12 Months)	2007-08 (9 Months)	2006-07 (12 Months)
(i) Sale of Fixed Assets	-	7.75	-	-
(ii) Sharing of Expenses - received	-	149.87	-	-
(iii) Sharing of Expenses - paid	-	195.47	-	-
(iv) Purchase of Goods	-	244.88	-	-
(v) Sale of Goods	-	9.06	-	-
(vi) Equity Contribution	170.00	-	-	-
(vii) Advance received for Capital Equipments	300.00	-	-	-
(viii) Outstanding at end of period				
Receivable	-	23.21	-	-
Payable	300.00	-	-	-

Details of remuneration to Key Management Personnel are given in the note 24 above.

28. Earnings Per Share:

	31 st March, 2008	30 th June, 2007
a) Profit after tax	3,470.86	4,590.55
Less : Preference Dividend (including tax on Dividend)	7.12	18.37
Profit for Basic Earnings Per Share	3,463.74	4,572.18
Effect of Conversion Option:		
Interest on Foreign Currency Convertible Bonds (Net of tax expense) @	7.47	-
Profit for Diluted Earnings Per Share	3,471.21	4,572.18
b) Weighted average No. of Ordinary Shares		
- Basic	7,81,49,939	7,81,49,939
Effect of Conversion Option	23,52,105	23,52,105
- Diluted	8,05,02,044	8,05,02,044
c) Nominal Value of Ordinary Share (Rs.)	10.00	10.00
d) Earnings per Ordinary Share considering		
- Basic	4.43	5.85
- Diluted	4.31	5.68

@ Profit for calculation of diluted EPS is same in last year since interest on FCCB was capitalised.



Schedule 20 (Contd...)

29. Particulars of Capacity (as certified by the Management), Production, Sales and Stocks:

Description	Installed Capacity Quantity Per Annum Tonnes	Production Quantity Tonnes	Sales		Opening Stocks		Closing Stocks	
			Quantity Tonnes	Rs. in Lac	Quantity Tonnes	Rs. in Lac	Quantity Tonnes	Rs. in Lac
Paper & Board incl. Pulp for sale	2,40,000 #	1,48,554*	1,59,613	74,930.84	5,458	2,040.76	5216	2,214.84
Previous Year	1,80,000	1,95,932*	2,11,565	93,255.04	6,462	2,218.79	5458	2,040.76

Increased w.e.f. 21st Oct 2007.

* Includes 2,231 MT (Previous year 2,922 MT) consumed during trial run of Packaging Board.

Note:

(a) Production, Sales & Closing stock excludes 9,017 MT (Previous year 7,097 MT), 9051 MT (Previous year 6,466 MT) (value Rs. 3,681.47 Lac Previous year Rs 1,984.76 Lac) and Nil (Previous year 631 MT) (value Rs. Nil, Previous year Rs. 212.75 Lac) respectively on account of trial run of Packaging Board.

30. Purchase of finished goods (Paper and Board) during the period 12,451 tonnes (Previous year 17,551 tonnes).

31. Particulars of Raw Materials consumed:

	2007-08 (9 Months)		2006-07 (12 Months)	
	Quantity (Tonnes)	Amount Rs. in Lac (0.1 Million)	Quantity (Tonnes)	Amount Rs. in Lac (0.1 Million)
(i) Bamboo	1,47,078	5,030.66	1,79,095	6,255.35
(ii) Hardwood	2,56,209	8,123.04	2,75,996	11,395.36
(iii) Pulp & Others	13,187	3,564.93	5,736	829.14
		*16,718.63		*18,479.85

* Includes Rs. 275.62 Lac in pulp cost transferred to Packaging Board (Previous year -Rs 264.86 Lac) and Rs. 1,389.13 Lac trial run consumption (Previous year Rs. 729.49 Lac).

32. Other Particulars:

	Rs. in Lac (0.1 Million)	
	2007-08 (9 Months)	2006-07 (12 Months)
(a) Earnings in Foreign Exchange on account of export of goods at FOB Value	1,291.02	2,986.65
(b) CIF Value of Imports :		
i) Raw Materials	3,853.68	622.86
ii) Stores, Spares and Chemicals	822.83	1,330.00
iii) Capital Goods	742.32	7,015.53
	5,418.83	8,968.39
(c) Expenditure in Foreign Currency (as remitted) on account of:		
i) Interest payment in Rupee to Financial Institutions/Banks on foreign currency loans	270.28	327.15
ii) Consultancy	210.00	420.83
iii) Others	40.18	142.27
	520.46	890.25

Schedule 20 (Contd...)

	2007-08 (9 Months)	2006-07 (12 Months)
(d) Remittance in foreign currency on account of Dividend for the year – 2006-07 (Previous year 2005-06)		
Number of Non-resident Shareholders (No.)	1	1
Number of Equity Shares held by them (No.)	25,00,000	25,00,000
Amount of Dividend remitted	56.25	15.00

	2007-08 (9 Months)		2006-07 (12 Months)	
	Rs. in Lac (0.1 Million)	% of Total	Rs. in Lac (0.1 Million)	% of Total
(e) Raw Materials, Stores, Spares and Chemicals consumed:				
i) Raw Materials				
Imported	3,288.03	19.67	548.39	2.97
Indigenous	13,430.60	80.33	17,931.46	97.03
	*16,718.63	100.00	*18,479.85	100.00

* Includes Rs. 275.62 Lac in pulp cost transferred to Packaging Board (Previous year –Rs 264.86 Lac) and Rs. 1389.13 Lac trial run consumption (Previous year Rs. 729.49 Lac).

ii) Stores, Spares and Chemicals:				
Imported	855.46	5.93	1455.11	8.18
Indigenous	13,575.89	94.07	16,333.80	91.82
	*14,431.35	100.00	*17,788.91	100.00

* Includes Rs. 125.78 Lac in pulp cost transferred to Packaging Board (Previous year –Rs 133.61 Lac), Rs. 421.52 Lac (Previous year –Rs 235.64 Lac) trial run consumption, Rs. 293.09 Lac (Previous year –Rs 325.64 Lac) scrap sale & Rs. 14.07 Lac (Previous year –Rs 31.86 Lac) grouped in other head of account.

33. Company, with a view to have a uniform financial year under the Companies Act, 1956 & the Income Tax Act, 1961 has changed its accounting year from July-June to April-March. Accordingly, the Accounts for 2007-08 are for a period of 9 months from July 01, 2007 to March 31, 2008. The previous Financial Year's figures are therefore not comparable.

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

As per our report of even date

FOR LODHA & CO.
Chartered Accountants

N.K. LODHA
Partner

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants

ATUL SEKSARIA
Partner

S.C. GUPTA
Company Secretary

H.S. SINGHANIA
H.P. SINGHANIA

ARUN BHARAT RAM
DHIRENDRA KUMAR
GAJANAN KHAITAN
O.P. GOYAL
R.V. KANORIA
SHAIENDRA SWARUP
UDAYAN BOSE

Chairman
Managing Director

Directors

New Delhi, the 26th June, 2008



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART IV OF THE COMPANIES ACT 1956

I. REGISTRATION DETAILS :

Registration No.	04-18099
State Code	04
Balance Sheet Date	31.03.2008

II. CAPITAL RAISED DURING THE PERIOD :

(Amount in Rs./Thousands)

Public Issue	Nil
Rights Issue	Nil
Private Placement	Nil

III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUND:

(Amount in Rs./Thousands)

Total Liabilities	12,081,799
Total Assets	12,081,799
SOURCES OF FUNDS	
Paid-up Capital	789,599
Reserves & Surplus	3,136,234
Deferred Tax Liability	942,797
Secured Loan	5,835,415
Unsecured Loan	1,377,754
APPLICATION OF FUNDS	
Net Fixed Assets	9,656,952
Investments	27,484
Net Current Assets	2,370,603
Miscellaneous Expenditure	26,760

IV. PERFORMANCE OF THE COMPANY

(Amount in Rs./Thousands)

Turnover including Other Income	6,145,926
Total Expenditure	5,796,709
Profit before Tax	349,217
Profit after Tax	347,086
Earnings Per Share (Rs.)	4.43
Dividend Rate (%)	15%

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

(As per Monetary terms)

Item Code No.	4907.00
Product Description	Paper and Board

As per our report of even date

S.C. GUPTA
Company Secretary

H.S. SINGHANIA
H.P. SINGHANIA
ARUN BHARAT RAM
DHIRENDRA KUMAR
GAJANAN KHAITAN
O.P. GOYAL
R.V. KANORIA
SHAIENDRA SWARUP
UDAYAN BOSE

Chairman
Managing Director

Directors

New Delhi, the 26th June, 2008

CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 31ST MARCH, 2008

Rs. in Lac (0.1 Million)

	2007-08 (9 Months)	2006-07 (12 Months)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extra-ordinary Items	3,492.17	7,168.54
Adjustments for :		
Depreciation	4,586.32	5,046.88
Income from Investment	(0.04)	(5.54)
Profit on sale of Assets (Net)	0.19	(22.92)
Interest and Financial Charges (Net)	3,528.51	3,571.81
Miscellaneous Expenditure Written off	127.77	229.32
Provision for earlier years no longer required	(181.56)	(69.93)
Operating Profit before Working Capital Changes	11,553.36	15,918.16
Adjustments for :		
Trade and Other Receivables	(467.28)	(1,635.61)
Inventories	(2,393.15)	(680.15)
Trade and Other Payables	1,396.69	2,342.60
Cash generated from Operations	10,089.62	15,945.00
Taxes paid	(566.66)	(1,192.25)
Miscellaneous Expenditure	(156.27)	(67.31)
Net Cash from Operating Activities	9,366.69	14,685.44
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(10,239.47)	(22,290.12)
Sale of Fixed Assets	114.05	480.36
Sale/(Purchase) of Investments (Net)	(169.96)	808.78
Interest Received	928.32	583.00
Net Cash from Investing Activities	(9,367.06)	(20,417.98)



CASH FLOW STATEMENT (Contd.) FOR THE NINE MONTHS ENDED 31ST MARCH, 2008

Rs. in Lac (0.1 Million)

	2007-08 (9 Months)	2006-07 (12 Months)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Redemption of Preference Share Capital incld. Premium	-	(621.00)
Proceeds of Long-term Borrowings	12,927.40	12,718.43
Repayment of Long-term Borrowings	(14,223.12)	(10,174.39)
Proceeds/(Repayment) from Short-term Borrowings (Net)	7,404.32	8,063.46
Interest and Financial Charges	(3,934.04)	(3,821.92)
One Time Additional Interest (exceptional)	(240.00)	-
Dividend (including Dividend Tax)	(2,066.77)	(624.21)
Net cash from Financing Activities	<u>(132.21)</u>	<u>5,540.37</u>
D. Increase/(Decrease) in Cash and Cash Equivalents - Cash & Bank Balance	(132.58)	(192.17)
E. Cash and Cash Equivalents as at the beginning of the year - Cash & Bank Balances (schedule No. 9)	482.53	674.70
F. Cash and Cash Equivalents as at the close of the year - Cash & Bank Balances (Schedule No. 9)	<u>349.95</u>	<u>482.53</u>

Note :

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

As per our report of even date

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Chairman
Managing Director

Directors

New Delhi, the 26th June, 2008

HIGH POINTS OF PACKAGING BOARD PROJECT

- *Chairman's long cherished vision for a premium Paperboard facility came up in record time.*
 - *Partnership with acclaimed global vendors Voith Paper, Andritz Kusters, Yokogawa, Honeywell, ABB, Pasaban, GAW etc.*
 - *Extensive pre-launch market surveys and market seeding programme to get a complete grip on market realities.*
 - *Best hands in Paperboard industry and "hand picked" in house talents.*
 - *The very first product from the board plant taken to the printing press and produced excellent results.*
 - *Captured 20% market share of the value-added board in less than one year from production start up.*
 - *The products have been accepted enthusiastically by both domestic and overseas customers.*
 - *Proximity to western zone which is India's largest packaging board market.*
-



“ *A Clear vision always shows you where you are going.*

And with a strong value system it makes the journey worthwhile. ”

*Hari Shankar Singhania
Chairman*



ENRICHING LIFE

We believe successful corporate citizenship is measured by how well we fulfill our economic, environmental and social responsibility. For this, apart from environment protection, the company has been taking measures to provide infrastructural facilities for health and hygiene, schools, sports and recreational facilities and drinking water to settlements in areas around the mills. The Company runs schools to provide education not only to its employees' families, but also the community around factories at both Primary and Secondary education levels. In addition, both the mills have undertaken Adult Literacy programs. Plans are on the anvil to support the government in providing

vocational education and skill upgradation to the tribal community. Apart from these, free text books, scholarships, school uniforms etc. are being provided to the needy students.

Both the mills have been organising regular health care camps for free medical check-ups as also to raise health awareness for a variety of ailments such as heart disease, dental problems, eye care, anti-AIDS & anti-Malaria education and more, in the communities around them.





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