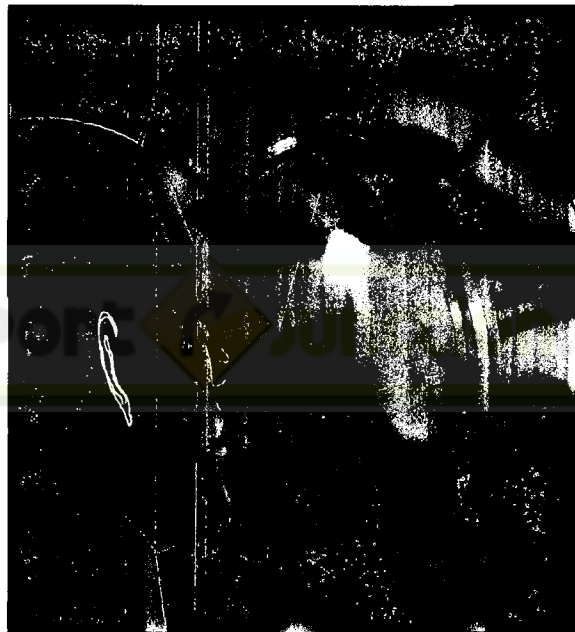


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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



A VISION FOR THE FUTURE

JK CORP 
LIMITED

58TH ANNUAL REPORT 1996 - 97

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A Vision For The Future

Perceiving the needs of the future, and working towards meeting them today, is the belief that has guided our course.

With every passing day we continue to put this belief into practice. By relentlessly pursuing a policy of growth through expansion and modernisation.

By strengthening our core competencies and sustaining our leadership status. By fortifying our foundations to build the edifice of a rock solid future.





CHAIRMAN'S STATEMENT

Economy. After two years of robust growth, the economy experienced a marked slow down in the year 1996-97, which was particularly severe in the second half. Industrial growth suffered substantially. The restrictive credit policy pursued in the last two years coupled with the regime of high interest rates had its inevitable adverse impact on the capital markets and on the growth process. The failure to substantially increase investment in key infrastructure areas like power, coal, roads, railways, ports and housing together with a slow down in capital expenditure by the Government contributed in no small measure to the slack.

Global Trade itself witnessed a slow down, affecting exports from India. A liberalised import policy, with a marked reduction in import tariffs over the last 3/4 years added to the pressures on Indian Industry.

The political milieu in recent times has further dampened investor sentiment. All of this has had an impact on Indian Industry and on your Company as well.

Today, Indian Industry is faced with under-utilisation of capacity on the one hand and depressed prices and profitability on the other.

It is hoped that with better agricultural production and the macro-level policy initiatives announced by Government for fiscal and monetary reforms, there will be improvement in



the second half of this year. However, urgent steps need to be taken by Government to speed up the economic revival process.

JK Corp: Liberalisation and Globalisation. New challenges emerging from a liberalised regime would have to be squarely faced. Similarly, the pains of integrating our economy with the global would have to be gone through. Conscious of these challenges your Company undertook several steps to strengthen its competitiveness. In the last four years an investment aggregating to Rs. 1100 crores was made to increase capacities, induct new technologies and further improve the quality of our products. Measures enhancing productivity and to control costs, were assiduously implemented. The brand equity of our products was further strengthened and marketing and distribution networks were substantially expanded.

I am happy to state that nearly all of our expansions and modernisation programmes have been completed. And we are now fully geared to reap the benefits.

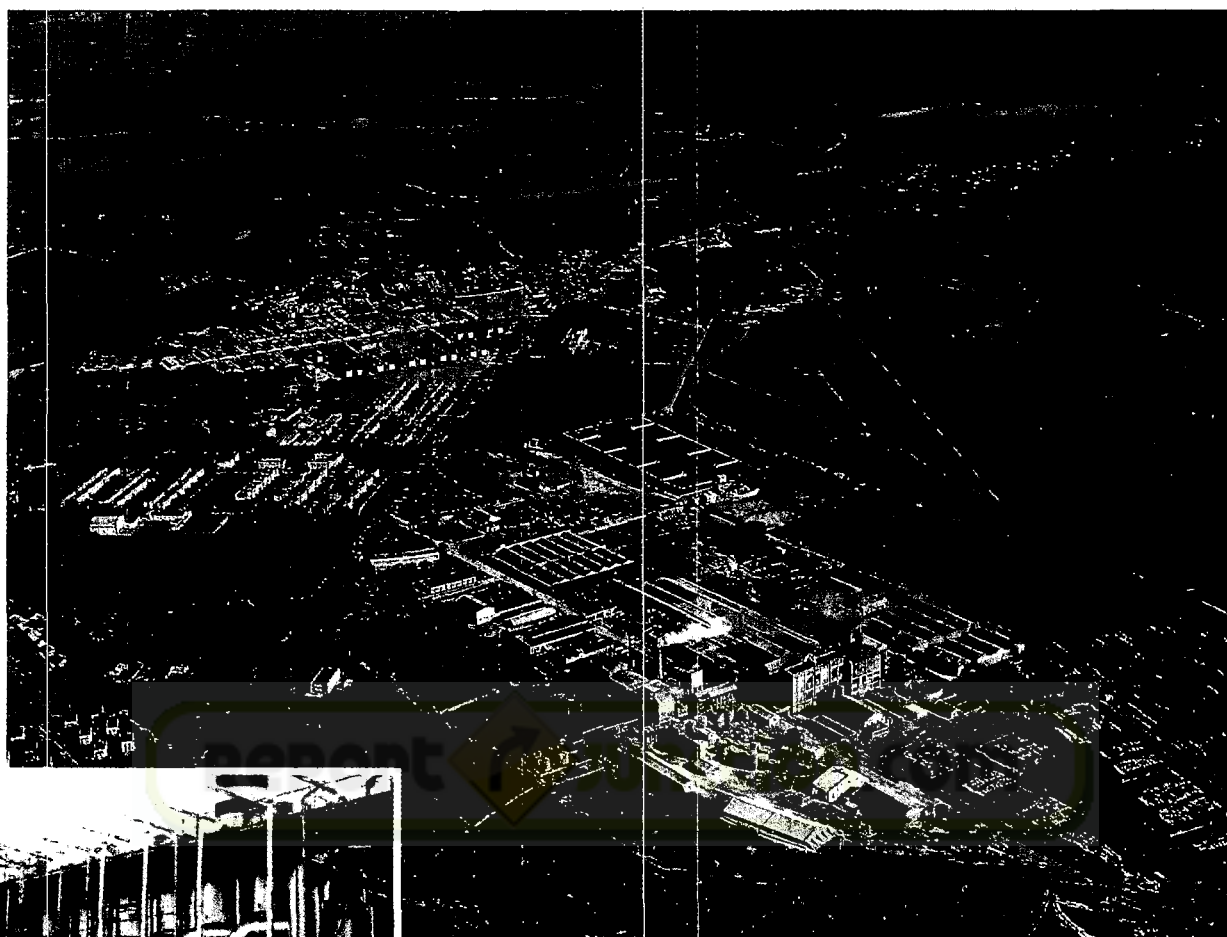
Performance and Growth. Depressed market conditions notwithstanding, all operating divisions have recorded highest ever sales volumes. Our operating margins are amongst the best in their respective industry segments.

The Company has had a consistent record of growth. In the three years since 1992-93 to 1995-96 our sales increased from Rs. 273 crores to Rs. 698 crores, a compounded annual growth rate of 36.7 percent. With the solid base that we have built up over the last six decades and the reputation for quality that our products enjoy, we have carved out niche markets with a leadership status. This should help us in the days ahead. The potential for growth for our businesses is high as they relate to the core sectors of the economy.

The Agenda Now. The company's investments were made at a time when interest rates were high and the capital markets depressed. Efforts to restructure and reduce the interest burden are very high on our agenda.

The aim of the company is to continuously hone its competitive edge. Focus on customer care, enhancing shareholder value and reinforcing commitment to all other stakeholders will be the cornerstone of our corporate endeavour.

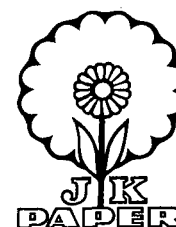
A handwritten signature in black ink, appearing to read "Hari Shankar Singhania".
Hari Shankar Singhania



Crafting a winning saga. The year that proved to be difficult for the paper industry, globally as well domestically, saw J.K. Paper's performance as among the very best in the industry. The Division continued to operate its plant at a high capacity utilisation of 99%. Marketing was decentralised, bringing with it increased penetration and consumer reach. J.K. Paper dominated the national supply of the branded copier paper with a 72% share. And was one of the two largest producers of Super-High-Bright-Maplitho, Bond & Airmail varieties.

The year also saw J.K. Paper receive national and international recognition. The mill received International Awards for Safety and Cleaner Technology plus the National Productivity Award.

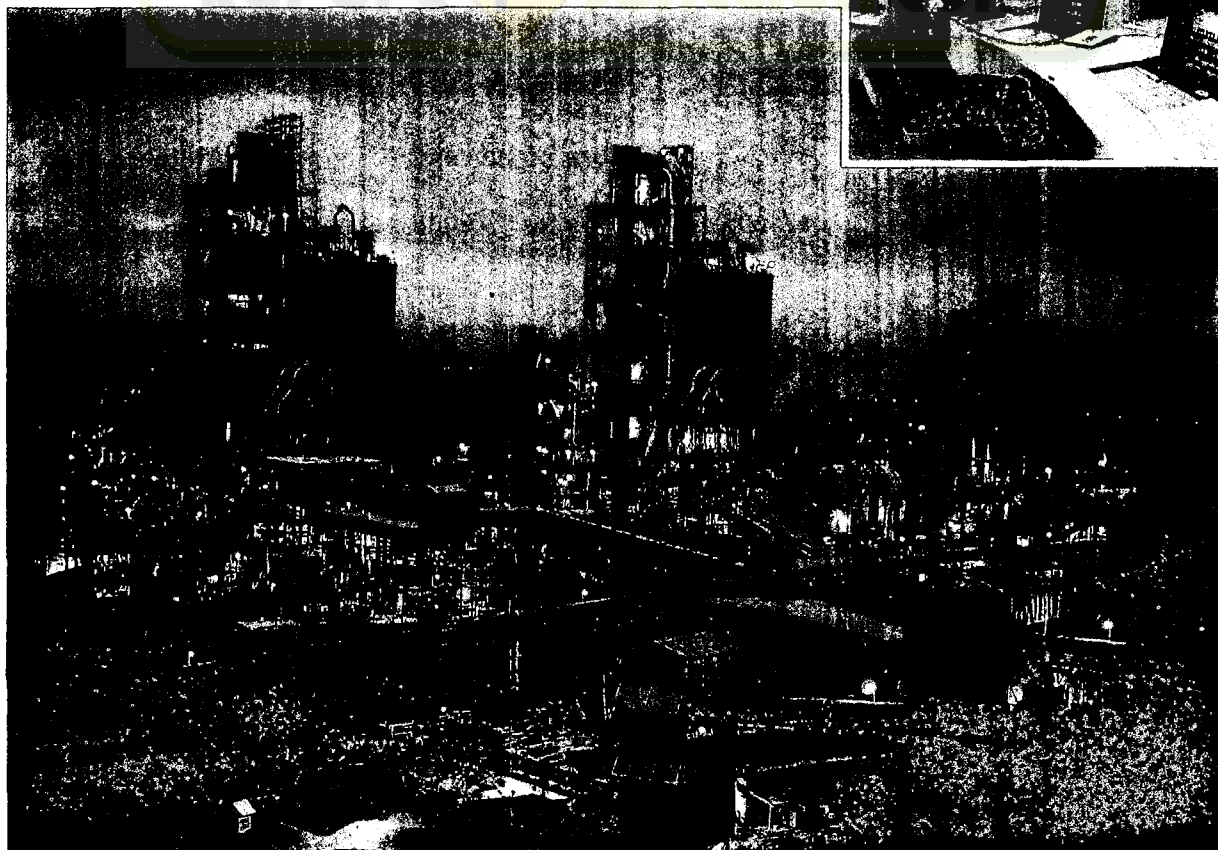
A large scale plantation programme was undertaken in the states of Orissa and Andhra Pradesh. More than 5000 Hectares have been planted and the target for the current year is 4,000 Hectares. With the enhancement of the capacity to 90,000 tpa and India's largest state-of-the-art pulp mill of 1,27,000 tpa due to be commissioned by December, 1997. J.K. Paper Mills continues to lead the way in innovation, technology and market orientation.

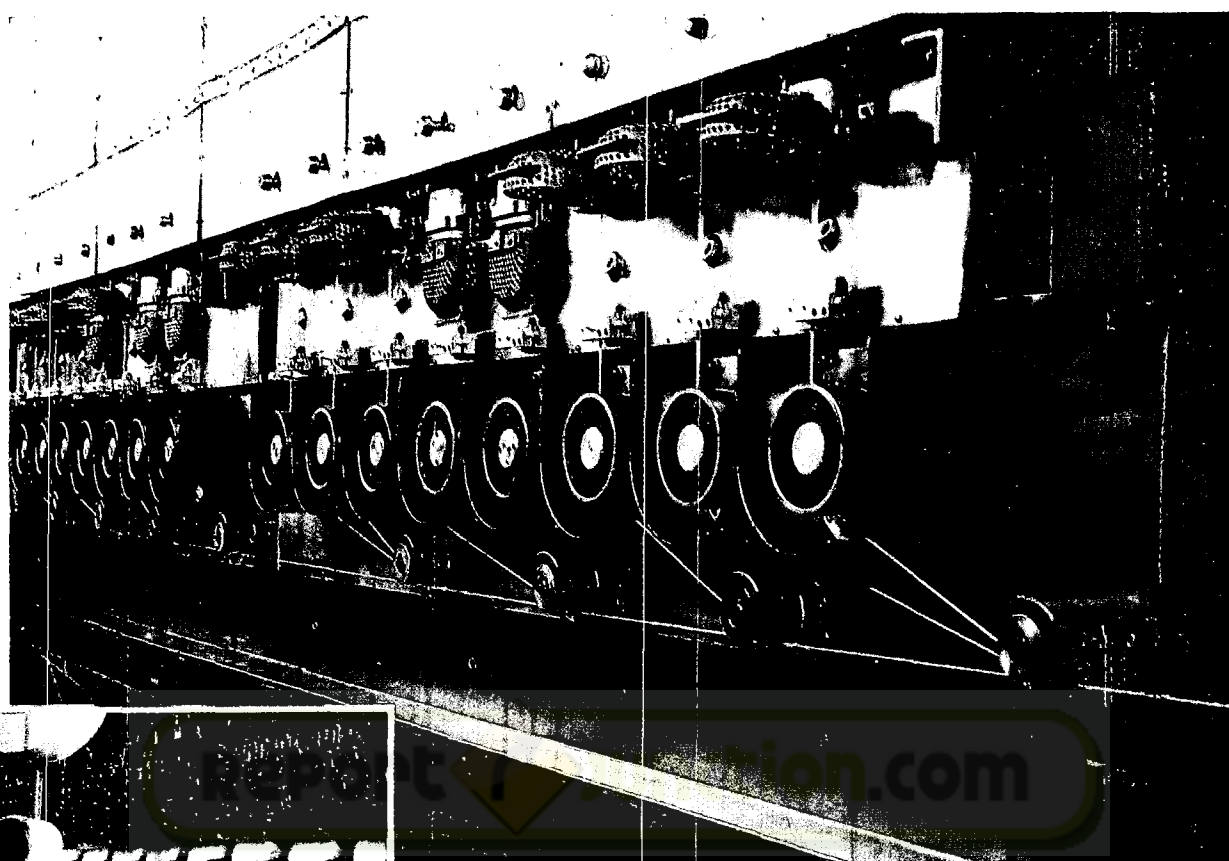




Cementing the bond further. Upholding the tradition of constant growth, Lakshmi Cement completed its capacity expansion to 2 million tpa this year. In the face of a down-cycle in the cement industry, the Division recorded a significant increase of 35% in its sales volumes. Ample proof of what customer orientation, brand building and marketing chain development—the focus areas of Lakshmi Cement in the last few years—can achieve. No wonder, the premium 43 grade and 53 grade cement from Lakshmi Cement with its unique COC Guarantee is the preferred choice of discerning customers in its marketing zone. With the infusion of the latest state-of-the art technology from Fuller USA, the Division has become one of the most efficient cement producers in the country.

The high priority accorded to the infrastructure development, and the expected increase in the per capita consumption of cement in India, are indicators of good long term prospects. The Division's competitive strengths place it in a vantage position to maximise benefits in the years ahead.





Weaving the fibre of success. A significant increase in sales volume by 28 percent, retaining its top bracket position in a crowded market place. Improving cost competitiveness

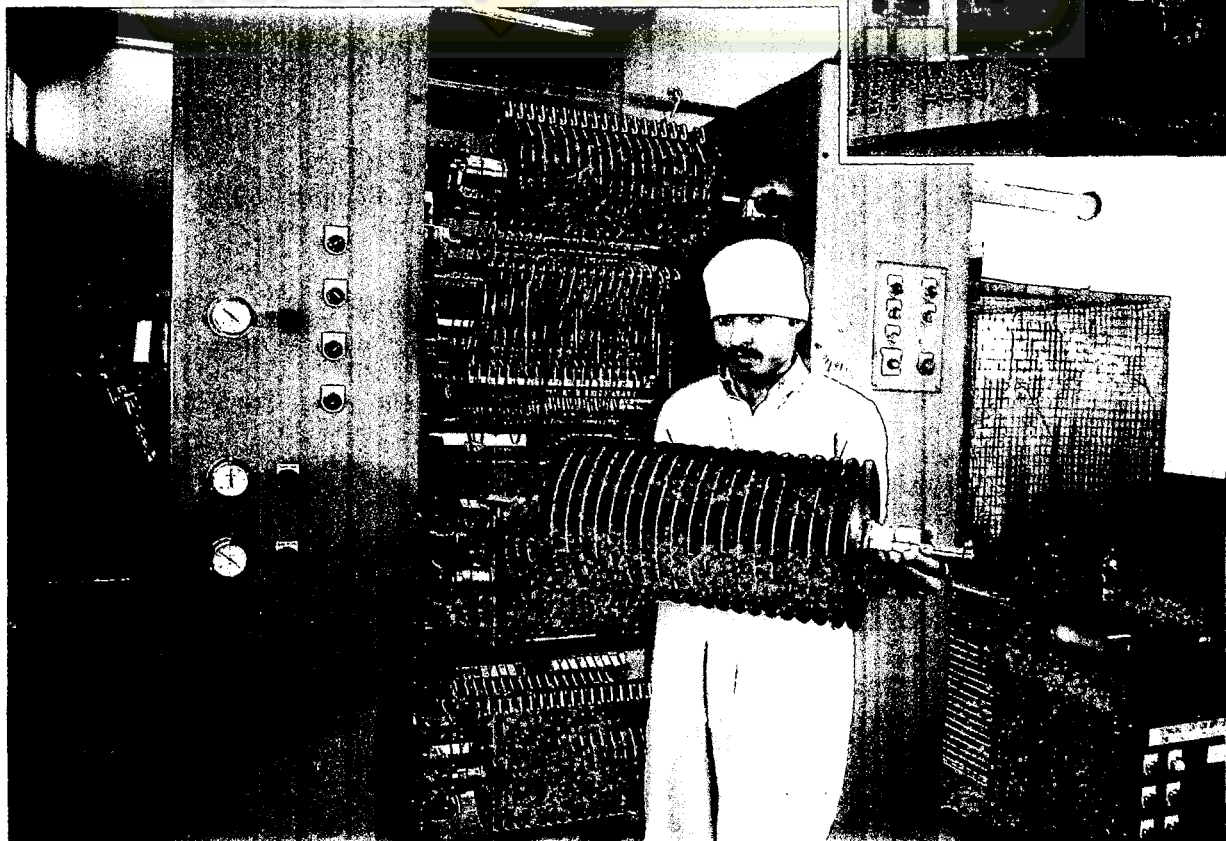
alongwith a capacity increase of more than 50 percent from 22,000 tpa to 38,000 tpa at optimal cost are strengths that will see Orissa Synthetics realise its mission of acquiring a leadership position in the speciality fibre segment.

Equipped with the world acclaimed Du Pont technology, the premium range of fibres—bright trilobal, super high tenacity fibres and bright trilobal tow developed through our in-house R&D alongwith the introduction of new products, Orissa Synthetics is set to carve out a major producer position in the speciality fibre segments.





A chartbusting performance. By continuously upgrading technologies, complemented by constant innovations, sweet notes of success played at JK Magnetics. The Division maintained a high operating performance, with production touching an all time high of 2389 MRM, and sales going up by 30%. An ISO 9002 operation, JK Magnetics continues to be the dominant manufacturer of quality audio tapes for the recording industry. The Division's emphasis on productivity and optimisation of technical parameters has set new standards for operating performance. The Division continues to be the preferred supplier of audio tapes by the country's leading music companies.



BOARD OF DIRECTORS

Hari Shankar Singhanian
Chairman & Managing Director
 Bharat Hari Singhanian
Managing Director
 B.V. Bhargava
 Dharendra Kumar
 Gajanan Khaitan
 Govind Hari Singhanian
 Nand Gopal Khaitan
 Pravinchandra V. Gandhi

Raghupati Singhanian
 R.S. Agrawal—*Nominee of IDBI*
 R. Thothadri—*Nominee of LIC*
 Vinita Singhanian
Dy. Managing Director
 Harsh Pati Singhanian
Dy. Managing Director
 Surendra Malhotra
Whole-time Director

OFFICES

REGISTERED OFFICE
 Jaykaypur - 765 017,
 Rayagada (Orissa)

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

SHARE DEPARTMENT
 20, Community Centre,
 New Friends Colony,
 New Delhi - 110 065
 Tel : 6827043, 6841729, 6910995
 Fax : 91-011-6821859

SHARE TRANSFER AGENT
 ABC Computers Pvt. Ltd.
 M-12, (Market), Greater Kailash-II,
 New Delhi - 110 048
 Tel : 6465812, 6482686
 Fax : 91-011-6482685

COMPANY SECRETARY

K.K. Gupta

AUDITORS

Lodha & Co.
 Chartered Accountants

PLANTS

J.K. PAPER MILLS
 Jaykaypur - 765 017,
 Rayagada (Orissa)

LAKSHMI CEMENT
 Jaykaypuram - 307 021,
 Basantgarh,
 Dist. Sirohi (Rajasthan)

ORISSA SYNTHETICS
 Lakshminagar, Baulpur-759 031,
 Dist. Dhenkanal (Orissa)

J.K. MAGNETICS
 B-4, Surajpur Industrial Area II
 Surajpur - 203 207
 Dist. Ghaziabad (Uttar Pradesh)

BANKERS

State Bank of India
 Punjab National Bank
 Bank of Baroda
 ANZ Grindlays Bank
 Bank of India
 The Hongkong & Shanghai
 Banking Corporation Ltd.