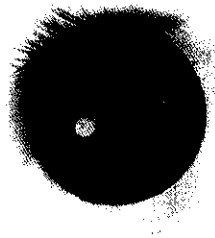


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## RENEWING OUR FOCUS

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The ability to deal with vicissitudes is a vital organisational strength. In recent times, the recessionary trend in the domestic economy has posed major challenges to industry. Corporates that have been able to re-focus and respond with changed strategies have emerged stronger.

At JK Corp, we have chosen to focus on our Cement and Paper businesses.

This in turn means that our investments will be managed better, more productive and that our endeavours will be more concentrated. Customer satisfaction is the driving philosophy across our organisation.

Cost competitiveness along with reliance on latest technology is our answer to competition.

And Caring for people is our basic commitment. Thus our organisational strength comes to the fore through this renewed focus.

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## CHAIRMAN'S STATEMENT

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1998-99 was the third year in succession of the slowdown in Indian economy. Growth of industrial production at 3.8 per cent during the year was much below the 6.6 per cent in the year 1997-98, and the lowest in the last six years. Barring a few, most sectors suffered from lack of adequate demand, depressed selling prices and reduced margins. The anticipated plans to kickstart the economy did not fully materialise, and the progress in infrastructure development, including housing was far from satisfactory. Indian Industry continued to be affected by the meltdown in the South East Asian economies, and heavy depreciation in their currencies affecting both exports and imports.

All our major businesses, Paper, Cement and Polyester, continued to suffer due to these factors. Paper industry, the growth of which was sluggish during the last couple of years remained in its down-cycle during the year. Cement demand grew only by 6.8 % against 9.7% in the previous year and was the lowest in last 5 years. In fact, both Paper and Cement selling prices further declined to reach their lowest levels in 3 and 5 years respectively. Indian Polyester Industry was adversely affected by the global downturn, oversupply situation and cheaper imports.

Despite the Company being an efficient producer in its businesses, the sharp fall in sales realisation, hike in administered costs and inability to utilise production capacities fully due to market conditions, severely impacted its profitability.

**Business Restructuring**

Last year, I had mentioned of the need for business restructuring in our Company. Towards this end, several steps have been taken. It has been decided to divest the Polyester business and renew focus on our Cement and Paper businesses. In Cement, it is proposed to consolidate the Company's 2 Million TPA Lakshmi Cement capacity with that of the 1 million TPA cement capacity of JK Udaipur Udyog Ltd, in which your Company has sizeable investment, thereby creating a 3 million TPA cement business. This will help strengthen its competitiveness and will be in line with the consolidation that is taking place in the Cement Industry. The marketing activities of these two Cement units have already been synergised.

In Paper, the Company now has a capacity of 90,000 TPA. Together with the 47,000 TPA capacity of The Central Pulp Mills Limited (CPM), where it has substantive stake, the combined paper capacity amounts to 1,37,000 TPA. We already have a common marketing arrangement whereby the products of CPM are marketed under the brand 'JK Paper', resulting in a larger and significant market presence.

The restructuring programme is being pursued actively and is under the active consideration of the Financial Institutions and Banks. It will help the Company in substantially reducing its debt burden, improve its financial fundamentals, and enable it to focus on its core businesses of Paper and Cement.

As I had mentioned last year, both these businesses have vast potential for growth in a developing country like ours, and the sizeable investments made by us would stand us in good stead in the years to come.

Restructuring, to be effective, calls for speedy decisions and implementation. It requires pragmatism and boldness with a long-term vision. I sincerely hope that in the interest of Indian industry, which has been reeling under the effect of prolonged Indian economic slowdown, all parties involved would accord this their highest priority and consideration.

**Enhancing Competitiveness**

With the objective of being one of the most efficient and cost competitive producers, the Company has been focussing its attention on maximisation of operational efficiencies, reduction in costs, improvement in working capital management and enhancement of brand equity. Over the last two years, manpower has been trimmed by 12 % (about 540 persons), through various measures. Significant savings have been achieved as a result of these endeavours.



## Outlook

I am happy to observe that there are signs of recovery in the economy in the current fiscal. The imbalance in demand and supply is getting bridged with improved growth in demand and reduced new capacity additions. Consequently the off-take and prices have started firming up.

Lakshmi Cement's state of the art plant has been operating at full capacity. It has built a brand preference because of its quality and service. Modern technology that has been inducted has enabled it to become one of the more cost efficient producers of cement in the industry. Likewise, in the first quarter of the current fiscal, JK Paper's plant is running at more than 100% capacity utilisation and its most modern Pulp Mill, which is the largest in India, is operating at high utilisation levels, producing pulp at globally competitive prices. I therefore feel encouraged for the current year's prospects.

## Environment

The Company has always been conscious of its responsibilities towards environment and has been over the years making investments and adopting eco-friendly measures. These efforts have been recognised time and again. It is a matter of pride that JK Paper Mills, which enjoys ISO 14001 accreditation, has been adjudged as the 'greenest' Paper Mill in India, by the Centre for Science & Environment. This study was supported by the United Nations Development Programme (UNDP) and the Ministry of Environment and Forests, Government of India.

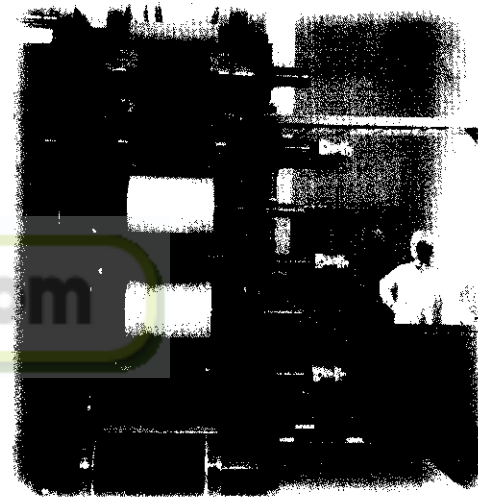
The Company has always believed in growth and has been a good performer in its long history. The recent downturn in its working is therefore a set back, which we are determined to get over. No efforts are being, or will be, spared to bring it back to a healthy and strong position, with the ultimate objective of enhancing shareholder value, and to continue to serve the country in its own humble way. In this endeavour, we are fortunate to have a dedicated team of employees. I would also like to acknowledge the confidence and understanding reposed in us by all the stakeholders.

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

**Hari Shankar Singhania**  
*Chairman & Managing Director*



*A view of new Pulp Mill  
at JK Paper, Jaykaypur,  
Rayagada, Orissa.*



**JKMAGNETICS**  
*An inside view of JK Magnetics  
Plant, Surajpur, Uttar Pradesh.*



*A panoramic view of  
Lakshmi Cement's  
state-of-art plant,  
Jaykaypuram, Sirohi,  
Rajasthan.*



**JK CORP**  
LIMITED

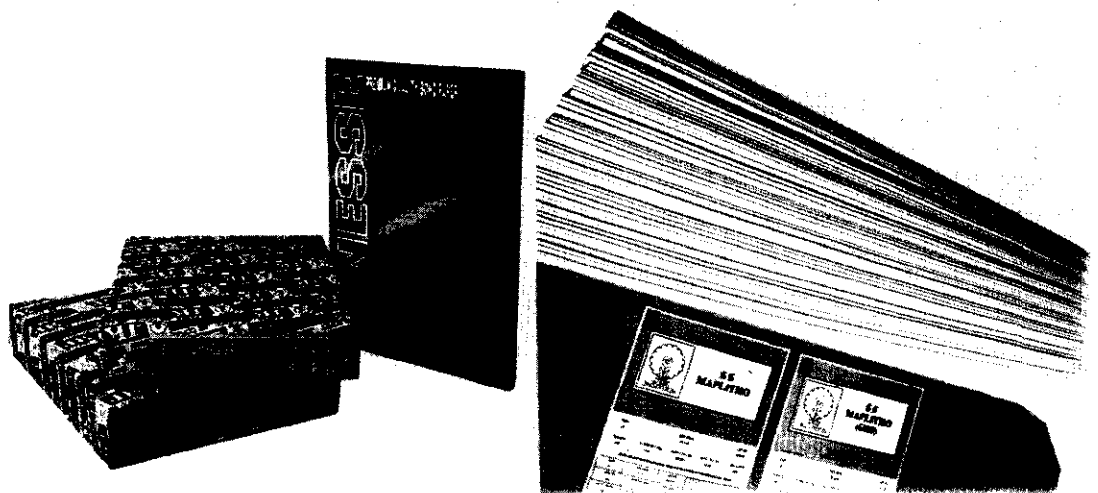
Range of Lakshmi Cement's  
Product offerings.



Quality Pancakes produced  
by JK Magnetics.



Leading Brands  
from JK Paper.



## BOARD OF DIRECTORS

**Hari Shankar Singhania**

*Chairman & Managing Director*

**Bharat Hari Singhania**

*Managing Director*

**B.V. Bhargava**

**Dhirendra Kumar**

**Gajanan Khaitan**

**Govind Hari Singhania**

**Nand Gopal Khaitan**

**Pravinchandra V. Gandhi**

**P. K. Pandit-Nominee of LIC**

**Raghupati Singhania**

**R.S. Agarwal-Nominee of IDBI**

**Vinita Singhania**

*Dy. Managing Director*

**Harsh Pati Singhania**

*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

**REGISTRARS & SHARE  
TRANSFER AGENT**

ABC Computers Private Ltd.  
116, Sant Nagar,  
East of Kailash,  
New Delhi - 110 065  
Tel.: 6219205, 6465812, 6482686

### BANKERS

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

### 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)

### AUDITORS

Lodha & Co.  
Chartered Accountants

### COMPANY SECRETARY

K.K.Gupta





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

## NOTICE

NOTICE is hereby given that the Sixtieth Annual General Meeting of the Members of JK CORP LIMITED will be held at the Registered Office of the Company at Jaykaypur - 765 017, Rayagada, Orissa on Friday the 17th September 1999 at 4.00 P.M. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March 1999 and Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri B.V. Bhargava, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Dhirendra Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Pravinchandra V. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and in connection therewith to pass, with or without modifications, the following as **Special Resolution**:  
"RESOLVED that pursuant to the provisions of Section 224-A of the Companies Act 1956, Messrs Lodha & Co., Chartered Accountants, the retiring Auditors, be and are hereby appointed Auditors of the Company to hold office from the conclusion of the 60th Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit of the accounts of the Company."
6. To consider and if thought fit to pass, with or without modifications, the following as **Special Resolution**:  
"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act 1956, the Articles of Association of the Company be and are hereby altered to the extent and in the manner set out hereunder:-  
I After Article 11, the following new Articles 11A and 11B be inserted under the heading "Dematerialisation of Securities":

### "Dematerialisation of Securities"

#### "11A Definitions

For the purpose of this Article:-

"Beneficial Owner"	"Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act 1996.
"Depositories Act"	"Depositories Act" shall mean the Depositories Act 1996 and includes any statutory modification or re-enactment thereof for the time being in force.
"Depository"	"Depository" shall mean a Depository as defined in the Depositories Act 1996.
"SEBI"	"SEBI" means the Securities & Exchange Board of India.
"Member"	"Member" means a duly registered holder from time to time of the shares of the Company and also one whose name is entered as beneficial owner in the records of a Depository in the case of shares held in a Depository.
"Security"	"Securities" means Shares, Debentures or other securities as may be specified by Central Government, SEBI or any other concerned authorities from time to time".
"Dematerialisation 11B of Securities"	(1) Notwithstanding anything to the contrary contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act 1996.
"Option to hold securities in Physical Form or with Depository"	(2) Every person holding securities of the Company through allotment or otherwise shall have the option to receive and hold the same in the form of security certificates or to receive and hold the same in the dematerialised form with a depository.
"Beneficial owner may opt out of a Depository"	(3) Every person holding securities of the Company with a depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act

and the rules, if any, prescribed thereunder and on fulfilment of the conditions prescribed by the Company from time to time, the Company shall issue the relevant security certificates to the beneficial owner thereof.

"Securities in Depositories to be in fungible form"	(4) All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
"Rights of Depositories and Beneficial Owners"	(5) (i) A depository shall be deemed to be the registered owner for the purposes of effecting the transfer of ownership of securities on behalf of the beneficial owners and shall not have any voting rights or any other rights in respect of the securities held by it.  (ii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
"Service of Documents"	(6) The Depository shall furnish to the Company the information of transfer of securities and the records of beneficial ownership at such intervals and in such manner as may be stipulated under the provisions of the Depositories Act.
"Transfer of Securities"	(7) Transfer of Securities held in a Depository will be governed by the provisions of the Depositories Act. Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
"Allotment of Securities dealt with in a Depository"	(8) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a dematerialised form with a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
"Distinctive numbers of Securities held in a Depository"	(9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
"Register and Index of Beneficial Owners"	(10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act , shall be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles.
"Other matters"	(11) Notwithstanding anything contained in these Articles the provisions of Depositories Act, relating to dematerialisation of securities, (including any modification or re-enactment thereof and Rules/Regulations made thereunder) shall prevail and apply accordingly.

**II** RESOLVED that after the existing Article 31, the following new Article 31A and 31B be inserted under the heading "Nomination Inter Vivos":

### **"Nomination Inter Vivos"**

"Nomination"	<p>31A (1) Every holder of shares in, or debentures of the Company may at any time nominate in the manner prescribed under the Act, a person to whom his shares in, or debentures of, the Company shall vest in the event of death of such holder.</p> <p>(2) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.</p> <p>(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company, or as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company, as the case may be, of all the joint holders in such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.</p> <p>(4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint, in the manner prescribed under the provisions of the Act, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.</p> <p>(5) The provisions of this Article shall apply mutatis mutandis to a depositor of money with the Company as per the provisions of Section 58A of the Act.</p>
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