

ANNUAL REPORT 2004 - 2005



Harnessing Technology for Growth



JK PAPER LTD.

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Spearheading Transformation

At JK Paper, we believe that leadership is not merely a matter of size. With leadership comes the responsibility to drive growth in all its possible dimensions. Leadership demands transformation. The ability to constantly move up the value chain from what is... to what can be. And to that extent, leadership shapes the very quality of growth.

Growth needs to be viewed in a holistic manner. At JK Paper, it is this ceaseless quest for holistic growth that takes us into a completely new era in the Indian paper industry - an era of unprecedented investments in world-class technologies.

Technology upgradation means more than just better business sense. We have moved beyond enhanced productivity, wider product range and better value, to investing in and nurturing a future-ready organisation that is driven by its two core growth engines - Customers and Environment.

Even more than the technology, it is how well equipped we are to harness it, that will determine the road to transformation. It is for this reason our investments focus on continuous improvement of processes, human skills and care for the environment. Be it converting wastelands into productive plantations to produce world-class pulp, or scouting for and mentoring professionals who can drive the technology movement at JK Paper.

This, we believe will continue to keep us as a dynamic benchmark in the Indian Paper Industry.

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Board of Directors

HARI SHANKAR SINGHANIA

Chairman

HARSH PATI SINGHANIA

Managing Director

OM PRAKASH GOYAL

Whole-time Director

DHIRENDRA KUMAR

GAJANAN KHAITAN

JITENDER BALAKRISHNAN

P.K. KAUL

S.K. PATHAK

SHAILENDRA SWARUP

Offices

Registered Office

P.O. Central Pulp Mills - 394 660

Fort Songadh

Dist. Surat (Gujarat)

Administrative Office

Nehru House,

4, Bahadur Shah Zafar Marg,

New Delhi- 110 002

Bankers

State Bank of India

Bank of Maharashtra

Canara Bank

UTI 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. Surat (Gujarat)

Auditors

Lodha & Co.

Chartered Accountants

New Delhi

S. S. Kothari Mehta & Co.,

Chartered Accountants

New Delhi

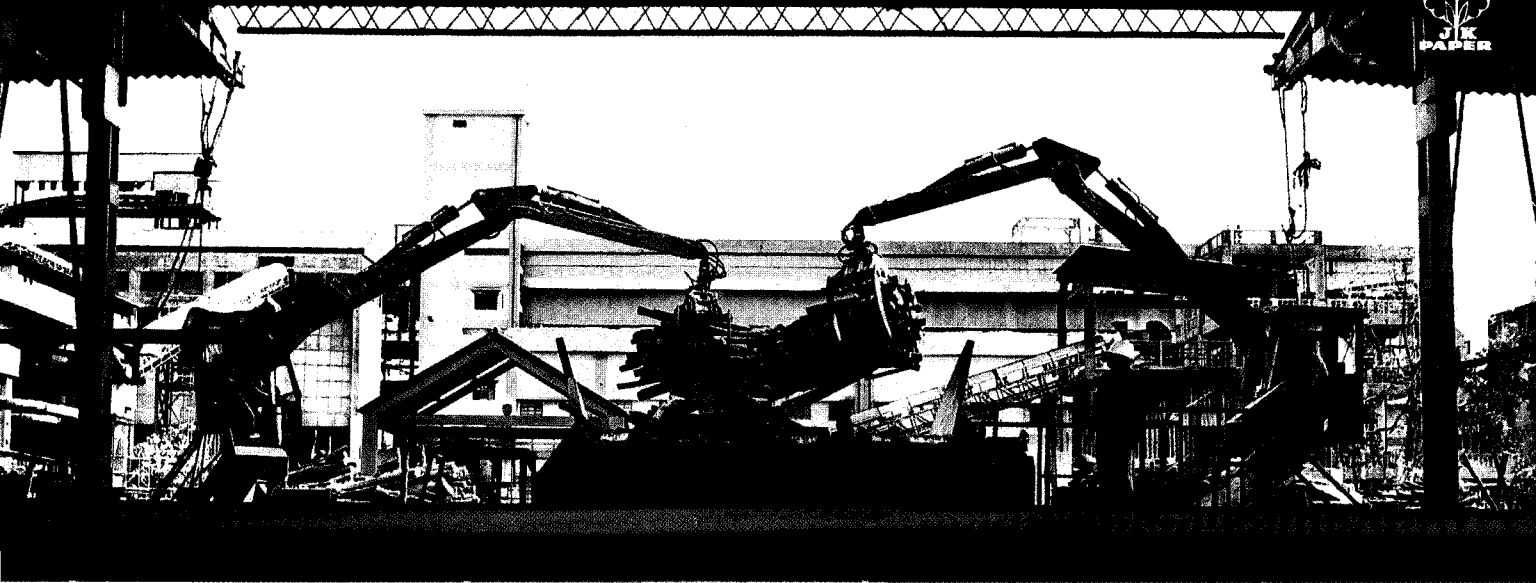
Company Secretary

S. C. Gupta

Leveraging Technology

If performance is the benchmark and global competitiveness the operating word, then surely technology is the key driver. A true reflection of JK Paper's commitment and resolve to fulfil its vision of continuously creating dynamic benchmarks in the Indian Paper Industry. One of the strategic technological advancements made by JK Paper has been the setting up of a state-of-the-art Blade Coating plant to trigger the demand growth of the value added coated paper segment in the Indian market. This initiative will enable the Company to significantly leverage technology for product enrichment.

Over the last decade the constant endeavour of JK Paper has been to upgrade its manufacturing processes at grass-root levels to help create customer value. Be it the most modern Pulp Mill or an automatic cut-size line for branded products, it has been a saga of continuous development with an eye on the customer.

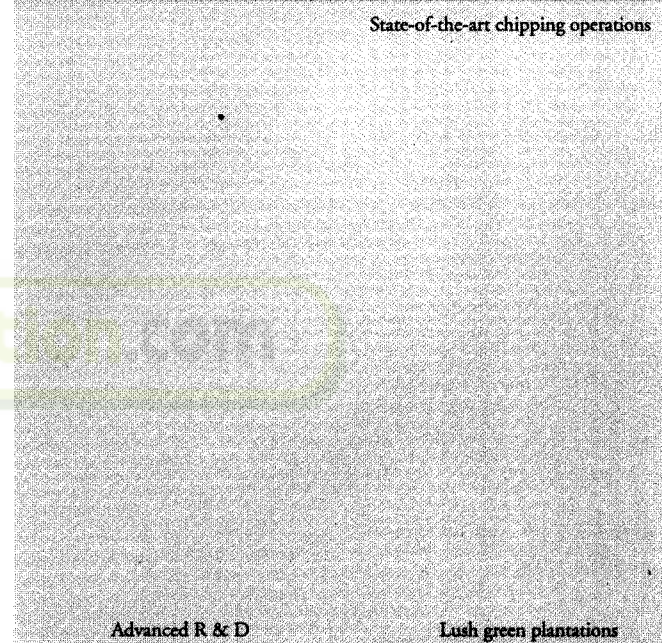


State-of-the-art chipping operations

Beyond this, the Company has been doing pioneering work in the area of plantations using Clonal Technology to develop high-yield varieties of clonal plants that substantially increase the productivity of farmers.

These pioneering moves have given JK Paper pride of place as the change leader, ushering in a phase of makeover in the Indian Paper Industry. Moving focus from commodity to branded and high value categories. And in the process, making the organisation even more receptive to the ever-evolving needs of the customer and the community at large. In an era, where productivity is more about how flexible the processes can become without compromising on product quality and consistency of delivery.

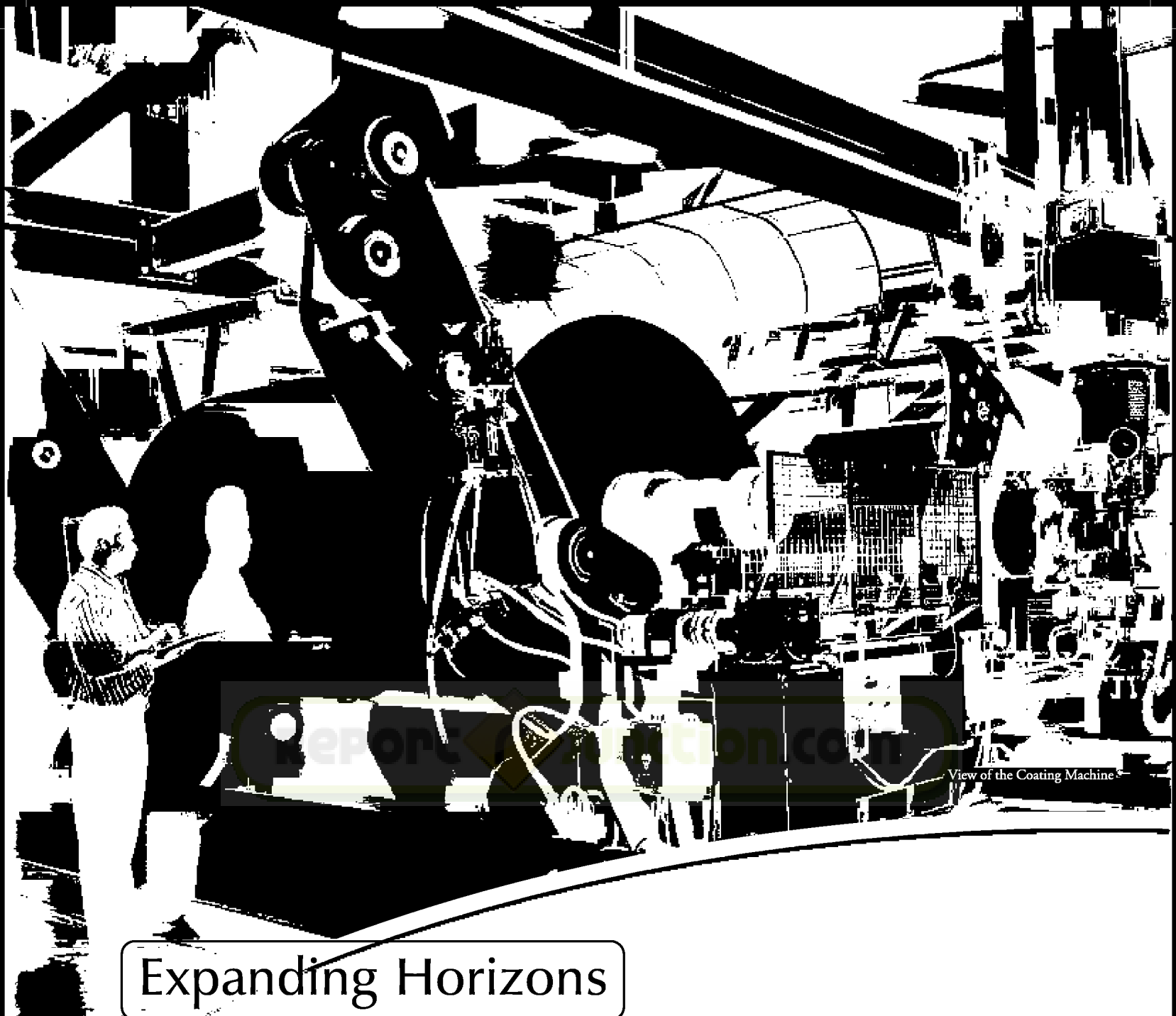
These new initiatives would empower JK Paper to upgrade its offerings to customers in terms of value added products. Simultaneously, it would also add value to the existing product basket by making even better quality products at more competitive costs. It will also institutionalise a more proactive, transparent and receptive customer service culture and process across the organisation. This enhanced production capability and improved manufacturing practices will further add to our ongoing commitment to a better environment.



Advanced R & D



Lush green plantations

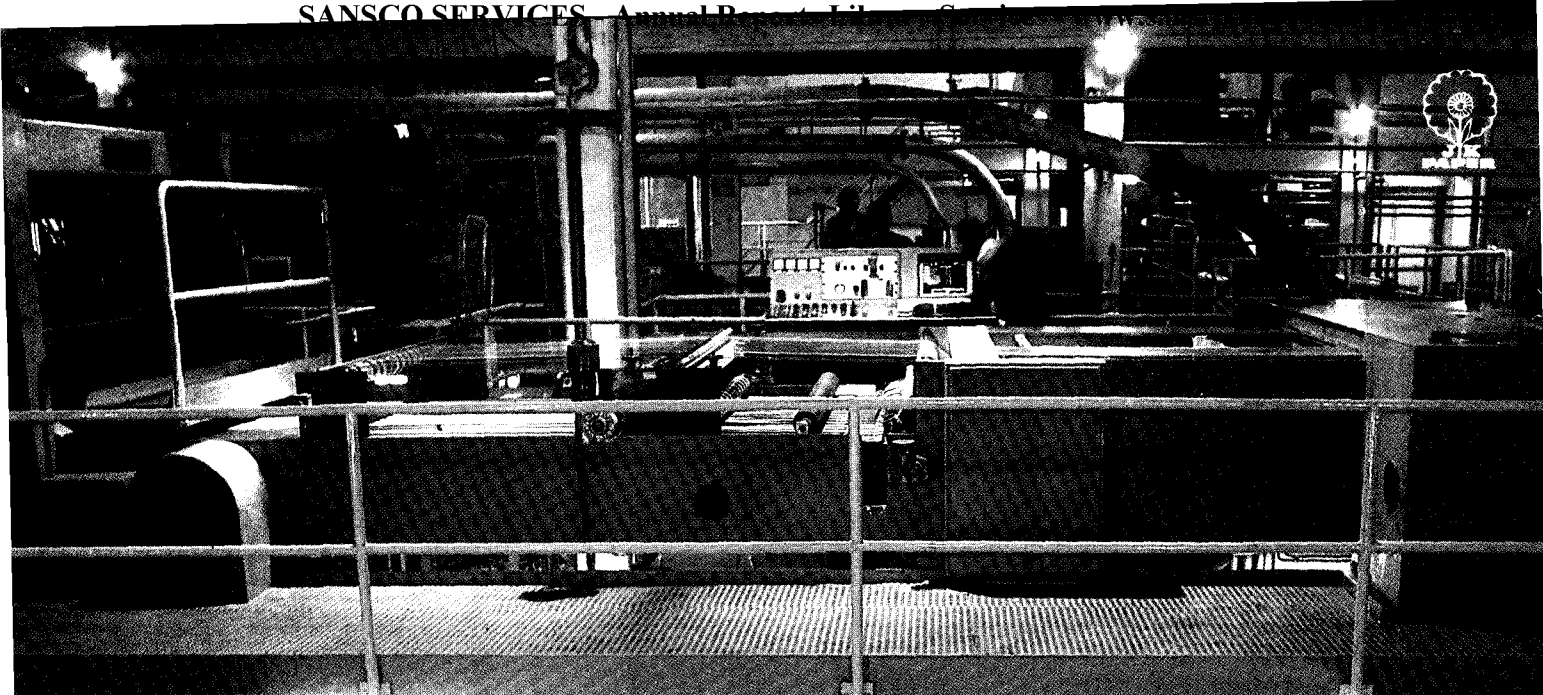


View of the Coating Machine

Expanding Horizons

Our newly operational state-of-the-art Coated Paper manufacturing facility at Jaykaypur, Orissa, is expected to drive the next big revolution in the Indian Paper Industry. A project that employs Blade Coating technology. This major initiative was led by the Company's rich talent pool of technocrats. Clearly, a demonstration of JK Paper's commitment to re-define the quality benchmarks in coated paper.

With trial production successfully completed, the plant has rapidly moved up on the quality assurance scale. This plant earns its distinction from its fully automated coating colour kitchen that ensures world-class quality. Besides the advantage of using the high quality base paper made in-house at our JKPM Unit, it derives its strength from the well controlled, feature-laden coating plant with features like three-stage online controls for GSM coat weight, moisture etc. It is also equipped with electronic controls for cross profile and gloss.



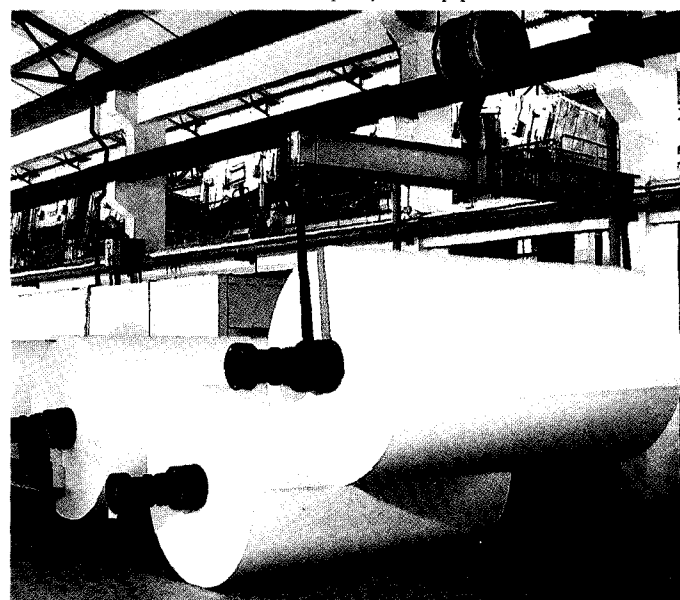
Modern Synchro-fly cutter

Besides, due attention has also been given to the finishing and packaging end by installing state-of-the-art Synchro-fly sheet cutters, to ensure perfect cutting and finishing. This additional investment has been made keeping in mind the customer's need to minimise pre-print waste and maximise machine productivity.

This newly erected Rs.80 crore plant, with an annual production capacity of 46,000 tonnes, ranks among the most contemporary coated paper production facilities in India, at par with international standards. Managed by handpicked professionals, the plant promises a wide range of high-end coated papers - in both matt and gloss varieties.

Apart from commissioning the Coating Plant, this has been a watershed year, considering the path-breaking initiative from JK Paper in committing a substantial Rs.235 crore investment to set up a state-of-the-art Packaging Board Plant at its CPM Unit, in Songadh, Gujarat. This plant of 60,000 TPA capacity will be equipped with the most contemporary technology sourced from global leaders like Voith of Germany and several other leading names in the paper board machinery sector. Once again, technology will be the key driver to revolutionize packaging in India.

International quality coated paper





Dedicated Copier Paper Machine

Adding Value

In its constant endeavour to raise the quality benchmarks in the Indian Paper Industry, JK Paper has taken yet another bold initiative of upgrading the paper manufacturing process at JKPM Unit from the traditional acid sizing to alkaline sizing. An initiative that will enhance the paper quality in terms of brightness, strength and durability. This will make our JKPM Unit the only Indian paper mill to shift its entire production to international quality alkaline sizing process.

Besides this investment in technology, the Company has also invested significantly in technological upgradation at its CPM Unit by setting up an Oxygen De-lignification system. This will enhance key product features such as brightness and shelf life, while improving the quality of effluents.