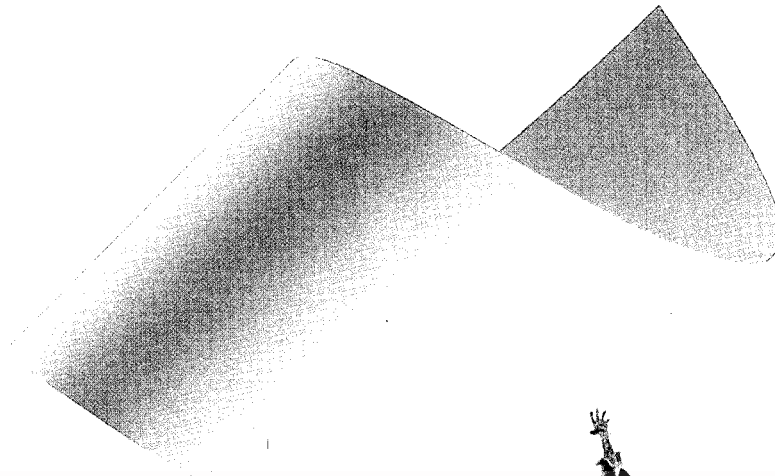


ANNUAL REPORT 2008 - 2009



Innovation. Determination. Growth



JK PAPER LTD.



JK PAPER LIMITED

Adm. Office: Nehru House, 4, Bahadur Shah Zafar Marg, New Delhi - 110 002



NOTICE

NOTICE is hereby given that the Forty-eighth Annual General Meeting of the Members of JK Paper Limited will be held at the Registered Office of the Company at P.O. Central Pulp Mills – 394 660, Fort Songadh, Distt. Tapi (Gujarat), on Monday, the 3rd August 2009 at 2.30 P.M. to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the financial year ended 31st March 2009 and the Reports of Directors and Auditors thereon.
2. To declare dividends including interim dividend already paid.
3. To appoint a Director in place of Shri Arun Bharat Ram, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Udayan Bose, who retires by rotation and being eligible, offers himself for re-appointment.

As Special Business

5. To appoint Auditors and to fix their remuneration and in connection therewith to pass, with or without modifications, the following as Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions of the Companies Act 1956, M/s. Lodha & Co., Chartered Accountants, New Delhi be and are hereby appointed as Auditors of the Company from the conclusion of the 48th Annual General Meeting upto the conclusion of the next Annual General Meeting on a remuneration of Rs. 9,00,000/-, excluding service tax as applicable and reimbursement of travelling and other out-of-pocket expenses actually incurred by the said Auditors in connection with the audit.”

M/s S.S. Kothari Mehta & Co., the other retiring auditors have expressed their inability to offer themselves for re-appointment as the Auditors of the Company at this Annual General Meeting.

6. To consider and if thought fit to pass, with or without modifications, the following as Ordinary Resolution:

“RESOLVED that Smt. Vinita Singhania, whose appointment as Additional Director on the Board determines on the date of the present Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

7. To consider and if thought fit to pass, with or without modifications, the following as Ordinary Resolution:

“RESOLVED that Shri M.H. Dalmia, whose appointment as Additional Director on the Board determines on the date of the present Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

8. To consider and if thought fit to pass, with or without modifications, the following as Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 269, 309, 198 and Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 or any statutory modification or re-enactment thereof, the re-appointment of Shri O.P. Goyal, as Whole-time Director of the Company for a period of three years w.e.f. 7th September 2009, be and is hereby approved on the terms of remuneration and conditions as set out in the Explanatory Statement annexed hereto which shall be deemed to form part hereof, and in the event of inadequacy or absence of profits under Sections 349 and 350 of the said Act in any financial year, the remuneration comprising salary, performance linked incentive and perquisites, benefits and allowances as approved herein be paid as minimum remuneration to the said Whole-time Director subject to the requisite approvals, if any, as may be required.

RESOLVED further that the Chairman and the Managing Director of the Company be and are hereby authorised severally to vary and/or revise the remuneration of the said Whole-time Director within the overall limits approved herein and to settle any question or difficulty in connection therewith or incidental thereto.”

Regd. Office:

P.O. Central Pulp Mills-394 660,
Fort Songadh, Distt. Tapi (Gujarat)
14th May 2009

By Order of the Board

Suresh Chander Gupta
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Registers of Members of the Company will remain closed from 21st July 2009 to 3rd August 2009 (both days inclusive).
3. Interim Dividend @ 10% p.a. for the period from 1st April 2008 to 31st March 2009 and from 1st April 2009 to 30th June 2009 on 21,000 10% Cumulative Redeemable Preference Shares (Series D) of Rs.100 each of the Company will be paid at the time of their redemption on 30.06.2009.
4. Dividends for the financial year ended 31st March 2009 (i) @ 10% p.a. for the period from 1st April 2008 to 31st March 2009 on 20,000 10% Cumulative Redeemable Preference Shares (Series E to Series G) of Rs.100 each and (ii) @ Rs. 1.75 per Equity Share (17.5%) on 7,81,49,939 fully paid Equity Shares of Rs. 10 each, will be paid, in respect of shares held in physical form to those members whose names shall be borne on the respective Registers of Members on 3rd August 2009 or to their mandatees and in respect of shares held in dematerialised form, the dividend will be paid on the basis of details of beneficial ownership to be received from the Depositories for this purpose.

5. Appointment of Directors:

Brief resumes of the Directors proposed to be appointed/re-appointed (item Nos. 3, 4, 6 and 7 of the Notice) are given hereunder:

Name	Sh. Arun Bharat Ram	Sh. Udayan Bose	Smt. Vinita Singhania	Sh. M.H. Dalmia
Age (Years)	68	60	57	67
Qualification	Alumni of University of Michigan, USA (B.E.)	B.SC. (Hons), Fellow, Indian Institute of Banking & Finance, Advanced Management Program at Harvard Business School	B.A.	Graduate-Chemical Engineering
Expertise in specific functional areas	Industrialist	Banker	Industrialist	Industrialist
Date of appointment on the Board of the Company (JK Paper Ltd.)	25.04.2006	25.04.2006	14.05.2009	14.05.2009
Name(s) of other companies in which Directorships held (as per Sections 275 and 278 of the Companies Act 1956)	Chairman : – SRF Ltd. Director : – SRF Polymers Investments Ltd. – DCM Shriram Consolidated Ltd. – Moser Baer India Ltd. – Samtel Color Ltd. – Samtel Glass Ltd. – Bharti Airtel Ltd. – SRF Infrastructure Ltd. – SRF Fluoro Chemicals Ltd. – SRF Energy Ltd.	Chairman : – Thomas Cook (India) Ltd. – The Calcutta Stock Exchange Association Ltd. Director : – Pritish Nandy Communications Ltd.	Managing Director : – JK Lakshmi Cement Ltd. Director: – Bengal & Assam Company Ltd. – JKLC Employees Welfare Association Ltd.	Director : – Dalmia Cement (Bharat) Ltd. – Hari Machines Ltd. – First Capital India Ltd.

Name(s) of other Companies in which Committee Membership(s)/ Chairmanship(s) held (as per clause 49 of the Listing Agreement)	Member - Shareholders/ Investors Grievance Committee : – SRF Ltd. Member - Audit Committee : – DCM Shriram Consolidated Ltd. – Bharti Airtel Ltd.	Member – Audit Committee : – Pritish Nandy Communications Ltd. Member - Shareholders/ Investors Grievance Committee : – Thomas Cook (India) Ltd.	NIL	Member – Audit Committee : – First Capital India Ltd.
---	---	---	-----	--

Shri Arun Bharat Ram, Shri Udayan Bose and Shri M.H. Dalmia are not holding any shares in the Company. Smt. Vinita Singhania is holding 50,000 equity shares of Rs.10 each in the Company.

FOR ATTENTION OF THE SHAREHOLDERS

- For prompt attention, requests for transfer of Equity Shares and related correspondence should be addressed to the **Company's Registrar & Share Transfer Agent (RTA): M/s MCS Ltd, F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi 110 020**. For other matters, kindly write to the **Secretarial Department of the Company at Gulab Bhawan (Rear Block) 3rd Floor, 6-A, Bahadur Shah Zafar Marg, New Delhi- 110002**.
- Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is annexed.
- Please check the address including the Pin code in the address slip pasted on the envelope and advise correction, if any, therein. Also please do indicate the Pin Code number of your delivery post office while notifying change in your address to RTA.
- Unclaimed Dividends - Transfer to Investor Education & Protection Fund:

Pursuant to Section 205A read with Section 205C of the Companies Act 1956, the unclaimed dividend for the financial year ended on 30th June 2002 will become due for transfer to the Investor Education and Protection Fund on 19th October 2009.

It may be noted that after the expiry of the said due date for transfer of unclaimed dividend to the said Fund, no claim shall lie in respect of unclaimed dividend.

Members who have not encashed their Dividend Warrants for the said financial year and subsequent years are requested to send the same for revalidation to the Secretarial Department of the Company at New Delhi.

The unclaimed dividend, for the financial year ended 30th June 2001 has already been transferred to the Investor Education and Protection Fund as per the provisions of the Companies Act, 1956 read with the relevant Rules framed thereunder.

5. **Nomination:** Pursuant to Section 109A of the Companies Act 1956, individual Shareholders holding Equity Shares of the Company either singly or jointly may nominate an individual to whom all the rights in such Shares shall vest in the event of death of the sole/all joint Shareholders.
6. **Shareholders may also refer to the “General Shareholders’ Information” contained in the “Corporate Governance Report” forming part of the Annual Report 2008-09.**

—:000:—

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 5

M/s. Lodha & Co., Chartered Accountants, New Delhi and M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi are the existing Auditors of the Company upto the forthcoming Annual General Meeting.

M/s S.S. Kothari Mehta & Co., one of the abovesaid retiring auditors have vide their letter dated 5th May 2009, expressed their inability to offer themselves for re-appointment as the Auditors of the Company at the forthcoming Annual General Meeting.

M/s Lodha & Co. have furnished to the Company the requisite declaration pursuant to Section 224(1B) of the Companies Act, 1956. The appointment of M/s Lodha & Co., Chartered Accountants, New Delhi, has also been recommended by the Audit Committee of Directors on the remuneration stated in the Resolution.

The members are requested to approve appointment of M/s Lodha & Co., as Auditors of the Company from the conclusion of 48th Annual General Meeting till the conclusion of next Annual General Meeting of the Company on the remuneration stated in the Resolution.

None of the Directors may be deemed to be concerned or interested in this resolution.

The Resolution is recommended for approval of the Shareholders.

Item No.6

Smt. Vinita Singhania was appointed as additional Director on the Board of the Company on 14th May 2009 and holds office upto the date of forthcoming Annual General Meeting of the Company. The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act 1956, signifying his intention to propose the candidature of Smt. Vinita Singhania for appointment as Director liable to retire by rotation.

Smt. Vinita Singhania is a businesswoman with long experience of managing Cement business. She is presently the Managing Director of JK Lakshmi Cement Ltd. She is Vice-president of Cement Manufacturers' Association and of National Council for Cement and Building Materials. She is also an active member of FICCI Ladies Organisation, Inner Wheel Club of Delhi Midtown and a host of social institutions.

Brief resume of Smt. Vinita Singhania is given in the notes appended to the Notice of this meeting.

None of the Directors except Smt. Vinita Singhania and Shri H. S. Singhania being her relative, may be deemed to be concerned or interested in this resolution.

The Resolution is recommended for approval of the Shareholders.

Item No. 7

Shri M.H. Dalmia was appointed as additional Director on the Board of the Company on 14th May 2009 and holds office upto the date of forthcoming Annual General Meeting of the Company. The Company has received a notice in writing from a member of the Company under Section 257 of the Companies Act 1956, signifying his intention to propose the candidature of Shri M.H. Dalmia for appointment as Director liable to retire by rotation.

Shri Dalmia is a well known industrialist, leading a number of companies with diversified interests in industrial ceramics, cement, chemicals, mechanical engineering, mining, real estate, etc.. Presently, he is President and CEO of OCL India Ltd, a leading cement and India's largest industrial ceramics company. He is Chairman of Expert Committee on Direct Taxes, Associated Chambers of Commerce and Industry for almost a decade and also a member of the Managing Committee of the Associated Chambers of Commerce and Industry.

He has also been the past President of Indian Refractories Manufacturer's Association, Cement Manufacturer's Association and National Council for Cement and Building Materials.

Brief resume of Shri M.H. Dalmia is given in the notes appended to the Notice of this meeting.

None of the Directors except Shri M.H. Dalmia may be deemed to be concerned or interested in this resolution.

The Resolution is recommended for approval of the Shareholders.

Item No. 8

Shri O.P. Goyal was re-appointed as Whole-time Director of the Company for a period of three years w.e.f. 7th September 2006 with due approval of the Shareholders at the Annual General Meeting held on 21st November 2006.

The Board of Directors of the Company at its meeting held on 14th May 2009 re-appointed Shri O.P. Goyal, as Whole-time Director for a further term of three years w.e.f. 7th September 2009 on the terms of remuneration determined by the Remuneration Committee of Directors at their meeting held on 14th May 2009 as set out herein subject to requisite approvals.

Information pursuant to para 1(C) of Section II of Part II of the Schedule XIII to the Companies Act, 1956 (the Act):

I. General Information

- (i) Nature of Industry : Paper
- (ii) Date or expected date of commencement of commercial production : The Commercial production of Pulp in the Company (formerly the Central Pulp Mills Ltd) was started on 1st October 1968.
- (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
- (iv) Financial performance based on given indicators : The Financial performance of the Company during the last 3 years, whose accounts have been audited is as under:

Rs. In Crores

Particulars	July'06-June'07	July'07-Mar'08 (9 months)	April'08-Mar'09
Gross Sales and Other Income	936.86	757.18	1273.26
Operating Profit (before Interest, lease rent, depreciation and tax)	157.88	116.07	182.24
Profit before tax	71.69	34.92	54.08
Profit after Tax	45.91	34.71	38.01

- (v) Export performance and net foreign exchange collaborations: The Earning in Foreign Exchange by Exports for the year ended 31st March, 2009 was Rs. 42.42 Crores.
- (vi) Foreign investments or collaborators, if any : Not Applicable

II. Information about the appointee

- (i) Shri O.P. Goyal aged 66 years is a Chartered Accountant and has over four decades of wide-ranging experience in cement and paper industry, spanning various functional areas as Senior Executive/Director of companies including 17 years with Birla Group in the cement and paper industry. He successfully implemented a new pulp and paper project for the said group. Shri Goyal joined Straw Products Limited (later renamed as JK Corp Limited and now JK Lakshmi Cement Ltd) as General Manager in the year 1987. He was transferred to The Central Pulp Mills Limited (CPML) after its acquisition by JK Group in 1992 and continued as its President till 1996 and as its President & Director from 1996-1999. Shri Goyal was transferred to JK Corp Limited (JKCL) in January 2000 as President (Paper) and continued as Director on the Board of CPML. In 2001, the Paper division of JKCL, pursuant to the Scheme, was transferred to CPML and Shri Goyal was appointed as Whole-time Director of CPML w.e.f. 7th September 2001. Later, the name of CPML was changed to JK Paper Limited in November 2001.

Shri Goyal has contributed immensely first in the turnaround of CPML and later leading the team of the Paper Division of JKCL. He has been successfully looking after the day to day affairs of both the Units of the Company.

Shri Goyal is Director on the Boards of Shiva Cement Ltd., JK Enviro-Tech Ltd. and LVP Foods Pvt. Ltd. He is the Chairman of the Finance sub-committee of Indian Paper Manufacturers Association.

- (ii) Past Remuneration : (Rs. in lacs)

Year ended	Salary & persquisites*	Commission & Performance Linked Incentive	Total
31.03.2009	81.63	25.00	106.63
31.03.2008 (9 months)	59.01	31.04	90.05
30.06.2007	48.81	19.96	68.77

* including Company's contribution to Provident Fund and Superannuation Fund.

- (iii) Job Profile and his suitability: Shri O.P. Goyal, Whole-time Director of the Company is vested with powers of management subject to the control, direction and superintendence of the Board of Directors, the Chairman and the Managing Director of the Company.

JK Paper Limited is a leading integrated Paper and Board manufacturer operating in branded and high value added segments. Its products are considered benchmarks in the Indian Paper Industry. Its flagship Copier paper is the market leader and the company participates in all the high growth segments – copier, coated paper and packaging board which all are currently witnessing double digit growth rates. The Company has an installed capacity of 2,40,000 t.p.a. for the paper and board including pulp for sale.

The Company has two Units - JKPM at Jaykaypur, Rayagada, Orissa, established in 1962 and Central Pulp Mills situated at Fort Songadh, Distt. Tapi, Gujarat, acquired in the year 1992 by the JK Management.

The Company has grown manifold over the years. During last 9 years, the production of paper, market pulp and board by the Company for the financial year ended March 2009 increased to 2,54,816 t.p.a. as against 46,839 t.p.a. of paper and market pulp for the financial year ended June 2000, whereas, its gross sales increased to Rs. 1268 crore from Rs.150 crore during the said period. Consequently the responsibilities of the managerial personnel have increased substantially with the growth of the Company.

- (iv) Remuneration proposed : The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 14th May 2009 approved the terms of remuneration of Shri O.P. Goyal as the Whole-time Director of the Company for a tenure of three years, commencing 7th September 2009 as detailed under :-

- A. Salary: Rs. 3 lacs p.m. in the salary range of Rs. 3 lacs to Rs. 6 lacs p.m. with such increments as may be decided by the Chairman/the Managing Director of the Company from time to time and with proportionate increases in all benefits related to the quantum of salary.
- B. Commission: 1% of the net profits computed under Sections 349 and 350 of the Companies Act, subject to a ceiling of 100 % of annual salary.
- C. Performance Linked Incentive

Items B and C above will be as determined by the Chairman/the Managing Director of the Company from time to time.

- D. Free furnished residential accommodation with gas, electricity, water and other amenities, car with driver, reimbursement of medical expenses including hospitalisation and surgical charges for self and family and travel relating thereto; and other perquisites, benefits and allowances including reimbursement of expenses on servants, telephone at residence, leave travel including foreign travel, fees of clubs, personal accident insurance, etc. as may be approved by the Chairman/the Managing Director. The perquisites shall be evaluated as per the actual cost or the Income-tax Rules, as applicable.
- E. Contribution to provident fund and superannuation fund or annuity fund as per rules of the Company.
- F. Gratuity as per rules of the Company.
- G. Encashment of unavailed leave at the end of the tenure.