

ANNUAL REPORT 2010 - 2011



Images come alive



JK PAPER LTD.



Decide with Confidence

is pleased to certify that
JK Paper Limited
has been ranked **1st** as per Total Income
in the
Paper
Sector
in

**Dun & Bradstreet's
India's Top 500 Companies 2010**

released on 26th day of April 2011

Mr Kaushal Sampat
President & CEO - India
Dun & Bradstreet



Certifications. Promotions. Endorsements.

Recognition. Expressions of affection.

Some of life's finest moments

come alive on paper.

And since inception

we have striven to make our paper special...

by upgrading technologies,

optimizing processes,

enhancing materials...

Exploring every possible way

to make paper that creates lasting impressions.

A paper on which images come alive

in all their glory.

This infuses life into our business

and has made us grow rapidly

over the decades.



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Chairman's Statement

Dear Shareholder,

Global paper industry had a reasonably good year with total output regaining pre-crisis levels. Asia was a major contributor though we did see some recovery in advanced countries viz. Europe and North America. The global paper industry is witnessing a significant change in its dynamics with production shifting out from North America and Europe to South America and Asia. This is likely to accelerate as we see growth tapering off in advanced economies. China and India with their high economic growth rates are emerging as major markets for paper.

India recovered well from the global slowdown but inflation poses a short term threat to the economic growth. Along with this, high global energy and commodity prices and rising interest rates are areas of concern. India's growth story, however, remains intact in the medium to long term and prospects of Indian paper industry look bright. Rising education and income levels, growing consumerism and the fact that our per capita paper consumption is amongst the lowest in the world, are some of the factors that should help sustain annual growth of 8-9% in the coming years. Our Company is well positioned in this market to tread this high growth trajectory. Nevertheless, escalating cost of raw material, energy and other inputs pose major challenges to the Indian Paper Industry in the short to medium term.

JK Paper, which until few years ago was predominantly into the Copier segment has now successfully diversified into Packaging Board and Coated Paper segments. The Company today caters to these high growth segments which are value added and not just commodities and it has emerged as a major player in each of these segments.

The Company has shown dynamism in adapting to the changing business environment and has embraced the latest processes and systems to meet its Customer expectations. This has helped it spot opportunities ahead of the competition and build brands with distinct competitive advantage. As we embark on our Rs.1650 crore Expansion Project that would

see results coming out by first quarter of 2013, we should be seeing accelerated growth in our journey forward. The new capacity will produce superior quality paper at competitive costs using eco-friendly contemporary technology and will further strengthen our leadership position. Our aim is to consolidate our current position and then target the next wave of growth in our chosen segments through aggressive marketing and capacity augmentation. In its zeal for excellence the Company critically examines its processes and

systems and benchmarks them with international best practices for optimising efficiencies. The various awards received by the Company are recognition of our market standing and adoption of world class standards in producing and selling paper and packaging board.

JK Paper will continue to identify opportunities that are in line with its core competencies and would drive the next phase of growth for the Company. I am sure that with continued support and cooperation from all of you we would deliver increasing value to all our stakeholders every year.

With Best Wishes to all of you and your family members

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

HARI SHANKAR SINGHANIA

Board of Directors

HARI SHANKAR SINGHANIA

Chairman

HARSH PATI SINGHANIA

Managing Director

OM PRAKASH GOYAL

Whole-time Director

ARUN BHARAT RAM

DHIRENDRA KUMAR

M.H. DALMIA

R.V. KANORIA

SHAILESH HARIBHAKTI

S.K. PATHAK

UDAYAN BOSE

VINITA SINGHANIA

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

Axis Bank

Canara Bank

IDBI Bank

Company Website

www.jkpaper.com

Plants

JK Paper Mills (Unit JKPM)

Jaykaypur - 765 017

Rayagada (Orissa)

Central Pulp Mills (Unit CPM)

P. O. Central Pulp Mills - 394 660

Fort Songadh

Dist. Tapi (Gujarat)

Auditors

Lodha & Co.

Chartered Accountants

Company Secretary

S. C. Gupta

Managing Director's Message

Dear Shareholder,

JK Paper recorded its highest Gross Sales, Operating Profit and Profit After Tax in the year 2010-11. This performance has been achieved despite continuous increase in the cost of wood, coal, pulp and other inputs through better operational efficiencies, increased production and improved net sales realisation.

Raw material availability and steep escalation in prices continues to be the most serious challenge facing the Indian Paper Industry. To help mitigate this, JK Paper has renewed its efforts in enhancing its Farm Forestry programme. It has increased its plantation activities to cover 6700 hectares during the financial year. Similar efforts including stepping up its technology based clonal plantation will bear fruit in the years to come.

The Company has always believed in offering best quality products to its customers. During the year it started manufacturing high performance Colorlok® papers, which give visibly enhanced printability and lower ink consumption, in an exclusive tie-up with HP.

The Company continuously evaluates its product portfolio on a regular basis so as to focus on products with higher returns while enhancing its product offering. Quality is benchmarked with reputed global producers and performance of dealers is evaluated in terms of service to customers. We are also contemplating to upgrade the ERP system to seamlessly integrate our facilities as well as the distributors and customers.

Development of Human Capital to meet the business objectives of the Company is an important focus area. The Company has adopted a new Strategic Talent Management process in addition to the various development programmes it has for nurturing existing talent and creating a robust leadership pipeline.

JK Paper continued its emphasis on high operating efficiencies, cost reduction through its TPM and Operation Excellence activities so as to maximise returns in this capital intensive industry.

The Company has been playing its role towards the society as a responsible corporate citizen. Conscious efforts have been made for conservation of scarce natural resources and ensuring minimal impact on environment. The community development initiative of JK Paper also aim to spread literacy among tribal women, empowerment of women through self

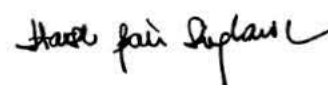
help groups, skills training for girls and healthcare facilities for the deprived. These efforts have yielded results in the form of increased livelihood opportunities and improved quality of life for the communities in and around the factories.

You are all aware that a major expansion project is already under progress at Unit JKPM, Jaykaypur, Orissa. Orders for all major machinery have been placed with reputed global suppliers and construction at the site is being undertaken rapidly. This facility would arguably be the most modern



in India for producing Office Papers. This along with the plans to strengthen the Company's competitive advantage of customer relationships, widespread network, service excellence and brand will help us to fortify our position in the market place. We have to continuously raise the bar with the changing business environment to address the challenges as well as expectations of our stakeholders. I am sure that with your continued support, we shall evolve as a lean, strong and socially valued organisation in the near future.

With Best Wishes,



HARSH PATI SINGHANIA

Images of a trend-setter





The Company has always been a trend-setter. Creating new benchmarks is not new to us, last year being no exception. It saw us take several initiatives towards reaching the goal of creating superior paper.

We became the **first paper company** in India to achieve HP's proprietary ColorLok® technology. Our largest selling brands in the Copier segment in India - JK Copier, JK Easy Copier, JK Copier Plus now come with this coveted certification, bringing them on par with the print quality standards that the major international brands are following.

Our Packaging Board division too initiated several changes to significantly improve the print quality of our boards, including switching to Tungsten blades, changing the couch roll and upgrading the machines.

The Coated paper division has visibly improved the quality of paper through several dynamic initiatives. With improved materials and by upgrading coating solution, substantial value has been added to the aesthetic and functional properties of products.

While all these initiatives ensure that images come alive on our products, they go a long way in enhancing the image of our customers as well.

At JK Paper, our business is firmly focused on value to the customers and to our stakeholders, which ultimately benefits all of us.

Images of a trend-setter



Images of technology

