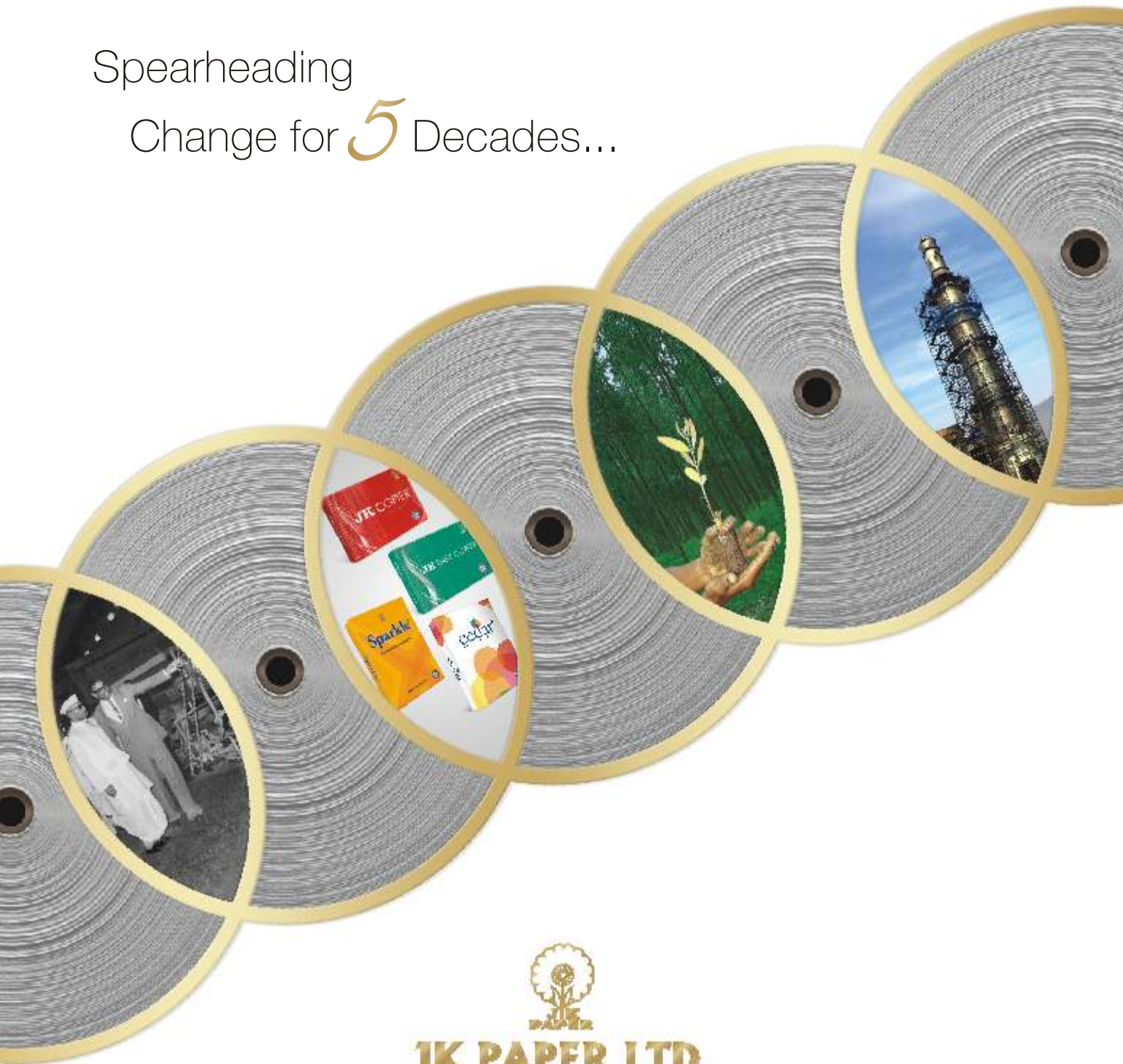


ANNUAL REPORT 2011 - 2012

Spearheading
Change for 5 Decades...



JK PAPER LTD.

5 DECADES OF CHANGE.

Much has changed over the years,
since our inception. Yet essential values remain the same—
of excellence and reaching new frontiers.

Here are some of our milestones

FIRSTS

Introduced Surface Size Maplitho paper in India



Mass market Branded Copier in India



Setting up World Class Pulp Mill in India



Get ISO 9001 & 14001 certification in Indian Paper Industry

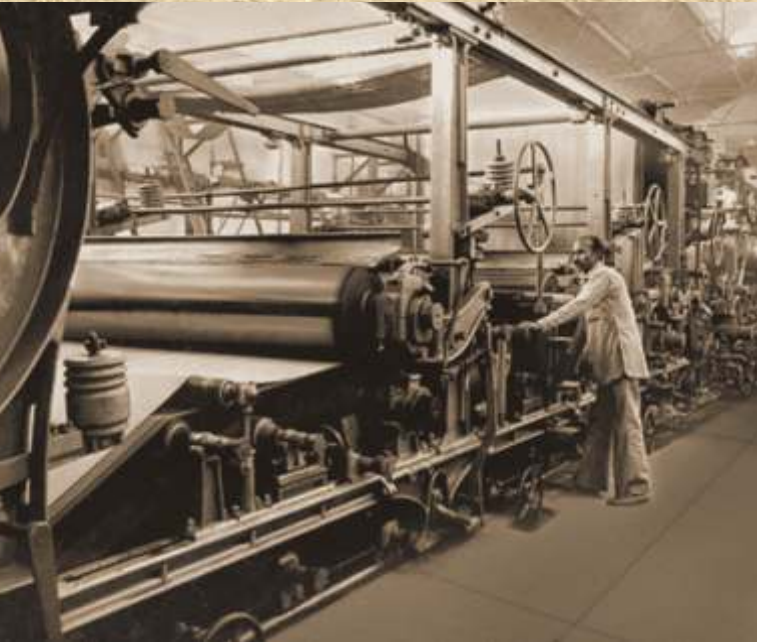


Indian Paper company to get TPM certification from JIPM Japan,
3rd Paper company in the world.



Indian Paper company to introduce ColorLok® technology

THE JOURNEY THUS FAR...





Contents

Chairman's Statement	01
Managing Director's Message	02
Board of Directors	03
Creating Value Ream by Ream	04
Directors' Report	14
Management Discussion and Analysis	22
Corporate Social Responsibility Report	28
Corporate Governance Report	30
Auditors' Report	36
Balance Sheet	40
Statement of Profit and Loss	41
Notes on Accounts	42
Cash Flow Statement	63
Consolidated Financial Statement	66

Chairman's Statement

Dear Shareholder,

Global paper and board industry in the last 15-20 years, has been witnessing a shift in demand away from North America and Europe towards Asia and South America. Asia now accounts for almost 40% of global consumption.

Indian Paper and Packaging Board industry in particular is emerging as an important global player. It is already among the top 15 global markets and is expected to improve its ranking further over the next 4-5 years. The industry has been showing strong growth in recent years thanks to rising literacy, consumerism and increasing commercial activities.

Most of 2011-12 was a challenging period for the Paper and Board industry due to economic slowdown and rising costs of inputs. I personally believe that this is a temporary phase and we are already seeing some signs of recovery.

JK Paper has been taking pro-active steps to fully utilise the opportunities as well as respond to the future challenges. Your Company has introduced ColorLok® papers so as to meet the growing demand for high quality papers required for digital printing.

The expansion programme at unit JKPM in Odisha will augment the Office paper capacity by 1,65,000 tonnes per annum and the total Company capacity to 4,55,000 tonnes per annum. The project is on track and we should be able to start commercial production from the enhanced capacity in the first half of 2013. It is also utilising a state-of-the-art technology which will not only deliver high quality paper but also conserve resources like energy and water significantly. This will reduce costs and help us to be among the high quality producers of paper in the country at competitive costs.

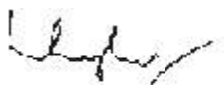
The Company has also been aggressively stepping up its plantation activities so as to secure its raw material supplies. It is heartening to note that the Company has cumulatively covered over 90,000 hectares through its farm forestry programme. This along with the commissioning of enhanced in-house pulping capacity should provide better raw material security to the Company in future.

JK Paper has been taking up CSR initiatives through adult literacy programmes, healthcare support through medical camps and mobile vans as also through community and livelihood interventions. With the formation of our own Non-Governmental Organisation (NGO), Sparsh, we will be able to step up our CSR activities and focus our attention on those areas where the society needs maximum support.

Unit JKPM will be completing its Golden Jubilee in October 2012, an important milestone, in the history of the Company. I take this opportunity to thank all of you for your active cooperation and I am confident that with your continued support the Company will cross many more milestones and become a more vibrant and fast growing organisation.

I wish all of you and your families all success in your endeavours.

Thank you!

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

HARI SHANKAR SINGHANIA



Managing Director's Message

Dear Shareholder,



JK Paper achieved a growth of around 9% in sales turnover in 2011-12 despite difficult market conditions and overall economic slowdown. Supply disruptions in coal, increasing raw material costs and inability to pass on other cost hikes in the market place resulted in substantial decline in profits. Towards the end of the year, however, things have started to look up.

Financial closure for the Rs 1653 crore expansion project at Unit JKPM in Odisha was completed during the year. This State-of-the-art plant is expected to go on-stream in early 2013. With this, the Company would be able to strengthen its leadership position in office papers and meet the growing demand for paper from the digital printing industry. The Company's brands in the High end Packaging Board and Coated Paper segment continue to be well received in the domestic as well as overseas markets.

Indian Paper and Board Industry has a good growth potential in the coming years and growing thirst for education and information is expected to sharply enhance the size of the market. Your Company is well positioned to take full advantage of this, especially in the value added and branded segments. JK Paper has introduced over the years, several products specifically designed to meet the exacting requirements of consumers across different product segments.

The Company's strategy of moving up the value chain has helped it face increased competition. JK Paper is the market leader in Office papers and amongst the top 2 players in Coated and High end Packaging Board segments, thanks to the aggressive marketing efforts, high quality products and long standing relations with channel partners. It is expanding its distribution network further to meet the growing demand for its products.

The Company is committed to its human resource development. It believes that it is not enough to install modern machinery but the workforce has to be given appropriate training and skills so as to master and absorb contemporary technology. It lays emphasis on talent development and retention.

Over the years, the Company has been able to bring a large tract of unproductive land under its farm forestry activities. During this year, another 8,500 hectares of plantation were added. These have helped to substantially increase the availability of pulp-wood in the catchment area.

JK Paper's CSR activities in community interventions in the form of encouraging the formation of Self-Help Groups, skill development and adult education programmes have been up-scaled in recent years. This is in line with our philosophy that unless communities around us prosper, the business cannot succeed.

The future presents many opportunities as also challenges. It is particularly a momentous time at Jaykaypur, Odisha as JKPM will be soon completing its 50 years of existence - Spearheading Change for 5 Decades. The Company has been fortunate to have the full cooperation from all its stakeholders. I am confident that with the continued support from all of you, the Company will have many more achievements to its credit in its journey towards progress and accelerated growth.

With Best Wishes,

HARSH PATI 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

WIM WIENK

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

Suresh Chander Gupta



Creating Value Ream by Ream

At a time when Paper was perceived as a commodity, the company saw in it the power of self expression.

We set out on a journey to elevate 'paper usage' among customers through a series of relevant products, quality, services and innovation upgrades. These have, over the years, become benchmarks in the Indian Paper industry.

We were the first to mass market Branded cut-size Copier papers as 'JK Copier' in the Indian market in the mid 90s. Since then, The Company has been in the "habit" of introducing new varieties and brands to keep pace with changing customer needs and requirements.

In the last 5-6 years, we have enriched our product mix through diversification into coated paper and high end packaging board. This has helped us to meet the wide and varied requirements of customers, big or small.

We believe that it was the ability to understand the customers' expectation and aspirations and exceed them that has gave the Company the "first mover advantage" in many products.

The Company's long standing relations with channel partners have helped it understand the changing market realities better, and thus, respond faster and more emphatically. We have been fortunate to

have had a loyal and understanding channel partners. We have close to 20 wholesalers who have been with us for more than 4 decades: Some of them indeed have been with us ever since the establishment of JK Paper Mills in 1962.

We are the 1st Indian Company to produce and sell ColorLok® copier paper in India. This exclusive tie up with Hewlett-Packard, helps us in bringing in world class printing paper for the increasingly demanding Indian customers.



