

ANNUAL REPORT 2012 - 2013

Creating Sustainable Growth



JK PAPER LTD.

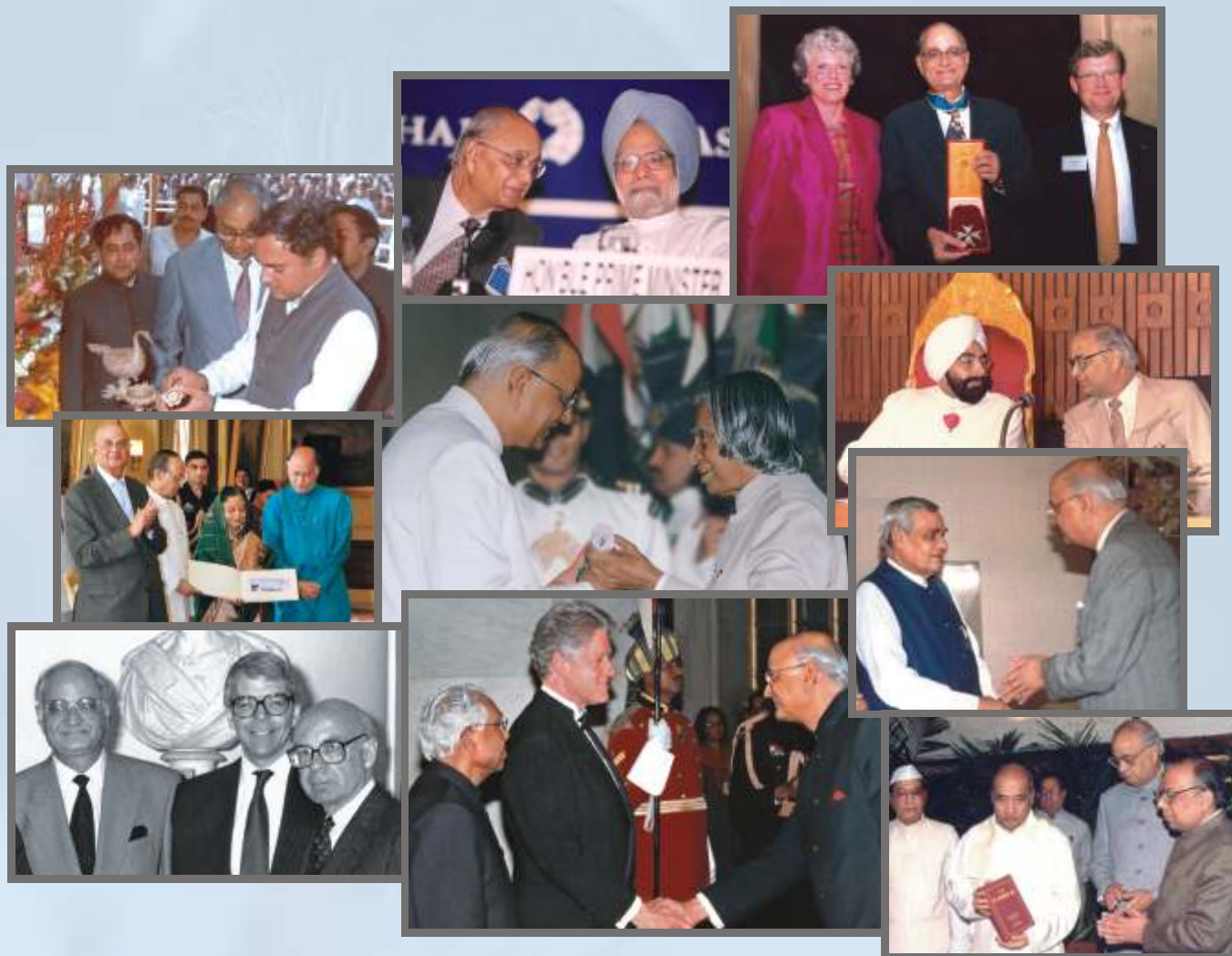
*Our respectful homage to an extraordinary
human being, an inspiring leader, remarkable industrialist
and phenomenal business pioneer.*



Shri Hari Shankar Singhania

(20th June, 1933 - 22nd February, 2013)

PRESIDENT, JK ORGANISATION



A GREAT LEADER & AN ICONIC INDUSTRIALIST

Leading industrialist, philanthropist and President of JK Organisation, Shri Hari Shankar Singhania, passed away on 22nd February 2013. Among his many stellar qualities was the ability to look into the future far better than most mortals could. Yet, in spite of his extraordinary business success, he always held close to his heart the well-being of human beings not as fortunate as him.

He was a doyen of Indian Industry, an institution builder, an entrepreneur, educationist, welfare protagonist and a visionary par excellence.

Hari Shankarji, who learnt the ropes of business under his illustrious father Late Lala LakshmiPatji Singhania, was actively involved in JK Organisation, one of the oldest and largest business Groups in the country, from 1951 at the age of 18 years. He soon became well-known for his entrepreneurial capabilities and setting up various pioneering ventures in India.

Hari Shankarji was involved in establishing and overseeing the Group's diverse businesses such as Aluminium, Paper, Steel, Insurance, Jute, Paints, Office equipment etc. Taking the growth of the Group forward, he set up various industries in several product categories such as Tyre, Cement, Automotive products & Power Transmission systems, Agri Genetics, Dairy products, Sugar, Drugs & Pharmaceuticals, Textiles and more. Today, thanks to his leadership, many of these have emerged as leaders in their respective fields, manufacturing and marketing world class products. He took keen interest in ensuring that areas around industrial plants in particular, most of them being in backward areas, are developed for overall growth of the society at large.

His un-relenting focus on quality and customer satisfaction, and his belief "When it is good enough, improve it", built the culture of excellence in all the Companies within the JK Group.

He also established education and medical foundations which are running a number of schools, academies, university and hospitals across the country. These include the Pushpawati Singhanian Research Institute (PSRI), a Super Speciality Hospital in Delhi, as well as the newly set up JK Lakshmipat University in Rajasthan which combines the serene settings of the Gurukuls of yesteryears with the technological advancements of the new age. He served as Chairman of Board of Governors of Indian Institute of Management, Lucknow for 15 years.

For his contribution in the field of commerce and industry, in the economic development of India, the President of India had conferred him with the prestigious 'Padma Bhushan' award in 2003. In 2005, Hari Shankar ji was awarded one of the highest Swedish awards - Royal Order of the Polar Star - by the King of Sweden for his contribution to the development of Indo-Swedish business relations.

Hari Shankarji was the second Indian to serve as the President of the International Chamber of Commerce (ICC), Paris, during 1993 & 94. He was involved with Confederation of Asia-Pacific Chambers of Commerce and Industry, Taipei. He was the only Indian to be nominated on the Board of Atlas Copco, Sweden. He also held with distinction, and was the first Indian, to serve on the Board of the Commonwealth Development Corporation. He led various industry chambers and councils in India and abroad Bharat Chamber of Commerce, Federation of Indian Chambers of Commerce and Industry (FICCI), ASSOCHAM etc.

In his passing we have lost not just a leader but an extraordinary human being.

His vision will continue to inspire us to strive towards ever-increasing heights in the years to come.

FAR-SIGHTED VISIONARY

The foundation of JK Paper Mills, owes its pre-eminent leadership position to the vision and calibre of Shri Hari Shankar Singhanian. He set about putting up the mill under his father Late Lala Lakshmipatji and was in control soon. Sacrificing his personal comforts and working out of make shift offices, he went on to set up plant of 18,000 tons per annum capacity, what was then a major project that consolidated the Group's presence in the Indian Paper and Packaging Board Industry. His passion and commitment towards making JK Paper an industry leader and ensuring value creation for all the stakeholders never waned till the very last day of his life.

There was never a day when he took his gaze off JK Paper Limited, forever leading, motivating and inspiring change to ensure that the Company remained at the forefront of the Industry. Today, as the Company completes its



1. Shri Hari Shankar Singhanian talking to LPS school children during his visit to unit CPM
2. Shri Hari Shankar Singhanian explaining the details of unit JKPM to Shri Morarji Desai, Dy. Prime Minister & Shri R N Singhdeo, Chief Minister of Orissa in May, 1967
3. Shri Hari Shankar Singhanian with Sir Padampat Singhanian, Lala Lakshmipat Singhanian, Shri PS Navalakha, other executives and workers at the Paper Machine-I, October, 1962
4. Shri Hari Shankar Singhanian visiting class room at LPS Public School along with Mrs M. Geeta, senior teacher in the year 1983
5. Muhurt Ceremony of JK Paper Mill (JKPM) on 18th October 1962. On the dais from left to right Shri Hari Shankar Singhanian, Sir Padampat Singhanian, Lala Lakshmipat Singhanian and Shri PS Navalakha

most ambitious expansion plan to enhance capacity to 4,55,000 tons per annum, it is indeed a long journey from the first plant of 18,000 tons per annum capacity in 1962. Hari Shankarji's ability to foresee emerging trends and customer preferences enabled the Company to introduce product innovations from time to time. The Company, under his visionary leadership, introduced varieties like Air Mail Bond, mass market Cut Size Copier papers, Maplitho and other varieties. His often quoted statement "When it is good enough, improve it" found expression in the many milestones that JK Paper has achieved. It is a tribute to his understanding of the role technology plays in attaining scale and reducing the use of resources like water and energy that after the latest expansion, JK Paper will be amongst the lowest cost producers of paper in the country.

Hari Shankarji not only provided vision to the Paper Industry in India but also worked hard for its development and growth. His yearly observations and comments were an important input for policy framing and articulating industry point of view. He held important positions such as Chairman, Development Council for Pulp, Paper and Allied Industries set up by the Government (1990-91), Chairman, Joint Committee on Paper Industry as also as Chairman, Indian Paper Makers Association (1976). In 2008, he was conferred upon the prestigious "Paper Industry International Hall of Fame Award" by the Paper Industry International Hall of Fame Inc, USA.

His inspiring leadership, vision and ideas will continue to guide JK Paper in its future journey.

THE PHILANTHROPIST

"People are not pulled from the front or pushed from behind...they are driven from within."

Hari Shankarji always believed in the philosophy of improving the quality of life of people and societies at large, while setting up industry, particularly in backward areas. With this objective, the Group has established a number of Education, Health and Social Welfare Centers and Institutes across the country, including Education at Ekal Vidyalayas, running and supporting various schools in the rural areas. Six ITIs under PPP Model were adopted, and SC/ST Girls hostels supported. He was the inspiration behind undertaking exemplary projects like 'Parivartan' & 'Natal care' for Women and 'Adult Literacy programmes' for illiterates. Several mobile clinics, medical and eye camps are being organised regularly, for needy people of the areas around our manufacturing facilities. He was keen on development of green areas, water harvesting etc., around industrial establishments, as a measure towards protecting the environment. The Company has adopted several environment friendly practices and has been bestowed with numerous green tech safety and environment management awards.



1. Shri Harsh Pati Singhania showing Shri Hari Shankar Singhania the new pack design of JK Copier during his visit to unit CPM in 2010
2. Shri Hari Shankar Singhania talking to a worker at Wills Cutter-II during his visit to unit JKPM in October, 2007
3. Shri Hari Shankar Singhania visiting the Packaging Board Plant at unit CPM alongwith Shri Ashish De and Shri NK Agarwal in August, 2010
4. Shri Hari Shankar Singhania being conferred upon the prestigious 'Paper Industry International Hall of Fame Award' in 2008 by the Paper Industry International Hall of Fame Inc, USA
5. Shri Hari Shankar Singhania and Shri OP Goyal in conversation with the teachers of ITI, Ukai

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Board of Directors

BHARAT HARI SINGHANIA

Chairman

HARSH PATI SINGHANIA

Vice Chairman & Managing Director

OM PRAKASH GOYAL

Whole-time Director

ARUN BHARAT RAM

DHIRENDRA KUMAR

M.H. DALMIA

R.V. KANORIA

SHAILENDRA SWARUP

SHAILESH HARIBHAKTI

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

S.S. Kothari Mehta & Co.
Chartered Accountants

Company Secretary

Suresh Chander Gupta



Chairman's Statement

Dear Shareholder,

I begin by paying my humble tributes to the memory of Shri Hari Shankar Singhania. He provided the strategic direction and leadership to the Company's growth and development over the last 50 years. Indeed, he has contributed significantly to the Group's growth and successes in the recent decades.

Hari Shankarji achieved excellence in whatever he did. His contribution to India's industrialisation is well known and this was made possible

by his hard work, strategic vision and clear thinking. He was also keen on developing and fostering leadership at different levels and made the Group truly a "people's organisation". I have seen and worked with him closely and he has been a source of inspiration for me both in my professional and personal life.

Hari Shankarji led JK Paper to become a major force in the Indian Paper and Board industry. His life and achievements have set an example for all of us to follow. I believe that the best tribute that we can pay is to take forward his legacy and make the Company achieve many more milestones in its future journey.

The World Economic Outlook seems to have improved recently but the recovery will be uneven. There are many uncertain factors and constraints and hence the growth is likely to be modest. Domestically, Indian economy also faces many challenges such as high inflation, difficult external Balance of payments situation and high interest rate regime. These have adversely impacted and will continue to influence, in the near term, India's overall economic growth and the Paper and Board industry.

In the medium to long term, however, the young and an aspirational India offers a multitude of opportunities: both for overall economic growth and domestic Paper and Board Industry. Along with this, an expanding digital printing segment, greater thrust of Central and State Governments on spending in education sector and demand for environmental friendly packaging materials are other positive aspects. These will help to accelerate growth in the Indian Paper and Board industry.

The performance of the Company should be seen in this context. The Company is readying itself to roll out its new Paper machine. With the commercial production coming out soon, it will see a substantial increase in its sales volume and profitability.

The imperative is to produce and sell cost-competitive products with the highest quality standards. With the many favourable factors that the Company has, it will be able to meet the future challenges and also take advantage of the growing opportunities.

The Company is fortunate to have had the full support and cooperation from all its stakeholders. It has highly talented and committed team and their passion to perform is well known. The Company's Corporate Social Responsibility (CSR) initiatives have also been well received and recognised by the local community around its production facilities.

With the continued support from all of you, I am confident that JK Paper will be able to become even more vibrant in future.

I wish all the shareholders and their family members all success in their endeavours.

BHARAT HARI SINGHANIA

Vice Chairman & Managing Director's Message

Dear Shareholder,

This year's Annual Report begins with a tribute to the memory of Shri Hari Shankar Singhania; whose inspiring leadership and vision guided the Company to achieve a leadership position in the industry. It will be difficult to fill the void caused by his demise. Yet we pledge ourselves to follow the path that he has shown and prove worthy of his trust and legacy.

This has been a year of change and challenge for JK Paper Limited; doubling the capacity at Unit JKPM in Odisha and maintaining its premium leadership position in a difficult market. JK Paper is well positioned to overcome the challenge and further strengthen the brand equity it enjoys in the value added premium segments. The Company has revamped its marketing infrastructure with a focus on higher quality and better customer service through extended reach. A Joint venture to manufacture high quality Corrugated Packaging Boards is a step towards diversifying its business portfolio.

Medium to long term outlook for Indian paper and board industry is promising. India's per capita consumption of paper and board is lower than many other emerging countries. The trend, however, in the recent past, has seen a steady rise in per capita consumption which is expected to rise further given the emerging dynamics of demand for universal education and growth in the business and commerce that requires high quality writing and printing paper and high quality packaging boards.

The Company's major expansion programme for Office papers at its Odisha Unit has reached an important milestone by conducting trials in various sections of equipments. The new plant employs contemporary technology and will provide higher operational efficiencies through improved yields and reduced cost of production. The high quality paper produced from this facility will also provide competitive advantage to the company and increase market share in the coming years.

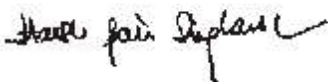
Our farm forestry programme has gained further momentum and an additional 11,300 hectares of land have been cultivated. The total acreage under farm forestry cultivation now stands at over 1 lakh hectares. Greater thrust on farm forestry programme shall enable the Company to meet its raw material requirements and keep raw material costs under control.

The development of human capital has been a focus area for the Company. During the year, the Company developed a talented team of engineers and executives through a rigorous selection process and training programmes so as to enable them to handle the operations of new plant.

JK Paper is amongst the pioneers in the movement of Corporate Social Responsibility (CSR). Our efforts to enrich the community go back right to the inception. Today there are number of CSR interventions that are being carried out for the local community, led by a competent team of in-house Managers and a local NGO set up by the Company. These have brought positive changes in the lives of local people.

The Company has been fortunate to have had full cooperation from all its stakeholders and with your continued support, I am confident that we will continue to march ahead, become a vibrant organisation as well as a responsible corporate citizen.

I offer my best wishes to the shareholders and their family members!



HARSH PATI SINGHANIA

