ANNUAL REPORT 2017-18

INFLECTION POINT

JK PAPER LTD.

CONTENTS

Board of Directors

BHARAT HARI SINGHANIA
Chairman

HARSH PATI SINGHANIA
Vice Chairman & Managing Director

OM PRAKASH GOYAL
Wholetime Director

ARUN BHARAT RAM

DHIRENDRA KUMAR

M.H. DALMIA

R.V.KANORIA

SANDIP SOMANY

SHAILENDRA SWARUP

UDAYAN BOSE

VINITA SINGHANIA

WIM WIENK

Plants

JK Paper Mills (Unit JKPM)
Jaykaypur - 765 017
Rayagada (Odisha)

Central Pulp Mills (Unit CPM)
P. O. Central Pulp Mills - 394 660
Fort Songadh
Dist. Tapi (Gujarat)

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
IDBI Bank
Indusind Bank
Bank of Bahrain and Kuwait

Company Website

www.jkpaper.com

Auditors

Lodha & Co.
Chartered Accountants

SURESH CHANDER GUPTA
Vice President & Company Secretary

CHAIRMAN'S STATEMENT

We were able to maintain a leadership in the copier segment and amongst the top two in coated paper space and a leading player in the packaging board area. We were also actively involved in market expansion outside India, exporting our products to over 50 countries.

Global economy is on a rebound, growing at 3.8% in 2017, the fastest and the most broad-based growth since 2011.

At the same time it is getting riskier not only due to the fallout from recent trade standoff between the US and China, but also rising global debt (at a record high of $164 trillion) which threatens financial stability. Central Banks across the world, so long pursuing accommodative monetary policies, have turned hawkish and higher interest rates would test the ability of borrowers to refinance that sizeable debt. This may have an adverse impact on growth in the medium term. Moreover, the surge in oil prices and capital flight induced by rising interest rates in the US could make emerging economies more vulnerable, leading to macro-imbalances.

India still provides comfort with expected growth close to 8% across the next two years, as private consumption and services are expected to continue to support economic activity. The robust growth is catalyzed by a continued thrust on infrastructure spending and on 'Ease of Doing Business'. The Indian economy has also recovered from the twin impacts of demonetisation and initial adjustments to the GST regime to regain the status of the fastest growing large economy. The recapitalisation package for public sector banks announced by the Government of India, coupled with the ongoing process of stressed assets resolution under IBC, albeit slowly, is expected to revive the banking sector, enhance credit availability and spur investment.

This could be further boosted by the government's focus on financial inclusion, rural economy and agriculture. This is evident in the latest corporate results showing an uptick in good volume growth and profits. The surge was led by higher automobile sales, sale of farm equipment as well as buoyancy in the FMCG and durables goods sectors.

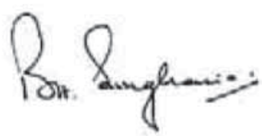
The robust demand outlook and rising consumerism bodes well for the Indian paper industry, which is expected to maintain its growth momentum in the near future. Whether the sector manages to grow above that would depend on how things pan out on the external front as well as the reform focus, considering that general elections are due in less than 12 months.

Amidst such uncertainty, your company has managed to scale further heights, achieving gross sales of over Rs 3,000 during the year, for the first time with 60% increase in PAT. The record performance of the Company during the last financial year came despite a surge in imports, GST-induced consumer slowdown and other uncertainties outlined earlier.

We were able to maintain a leadership in the copier segment and amongst the top two in coated paper space and a leading player in the packaging board area. We were also actively involved in market expansion outside India, exporting our products to over 50 countries.

Our group, right from the beginning had assigned the highest priority to the welfare of its workers, their families and the surrounding communities. Our efforts encompass a population of almost a lac in about 146 villages, with almost half being as direct beneficiaries, mainly women. Through our intervention, we managed to increase their incomes by at least 50% vis-à-vis others in the same catchment area. We are further expanding our CSR footprint in more districts and gram panchayats in Gujarat, Uttar Pradesh and Odisha, matched by an increased annual CSR budget.

The strengthening macro fundamentals coupled with enhanced digitisation and upbeat consumer sentiments are perfectly aligned with your Company's thrust on high quality and valued-added products. Your Company is well poised to take the 'front-seat' of that growth drive. Your continued support over the years has given us strength and I look forward to the same as we endeavour to make the most of the opportunities on offer.



Bharat Hari Singhania

VICE CHAIRMAN & MANAGING DIRECTOR'S STATEMENT

> The Company significantly reduced energy use levels, increased the proportion of renewable energy, which now accounts for 59% of our total energy mix and optimised its specific water consumption by 50% in just four years, recording the lowest levels in the industry.

Your Company achieved gross sales of Rs 3,070 crore, the highest ever in its history, an EBITDA of Rs 639 crore, up 18.6% over the previous year. The PAT was Rs 260 crore as against Rs 163 crore last year, representing an increase of 60%.

While the Indian paper industry has been growing at about 6-7%, there has been a sharp escalation in imports at a CAGR of 16-17% over the last 7-8 years. The surge in imports was unprecedented from the FTA countries, mainly ASEAN, where there was more than a 6-fold jump due to zero import duties. India, which is one of the few pockets of growth amidst a less than robust growth scenario in the other emerging markets, China and ASEAN, became a prime destination for the surplus material from the 'slowing markets'.

However the recent steep increase in international pulp prices prevented cheaper materials from these countries to undercut domestic prices and set a cap on paper prices.

While domestic paper manufacturers have been able to raise prices, it was only to a limited extent. This was because most of our Asian competitors, by virtue of having a dedicated industrial plantation program, were able to report a significant advantage of lower raw material costs over domestic mills. It is therefore important to review our position in terms of FTAs as well as the various other constraints that render Indian industry less competitive. The recent weakness in the Rupee, down by almost 7% since the turn of the year, provided some cushion from the imports surge.

Your Company continuously endeavoured to improve its cost competitiveness, overcome these obstacles and report sustainable gains by conscientiously adopting cutting-edge environment-friendly technologies, which enabled us to achieve efficiency parameters that are the best in the industry. The Company strengthened its performance through three key initiatives. The Company significantly reduced energy use levels, increased the proportion of renewable energy and optimised its specific water consumption by 50% in just four years, recording the lowest levels in the industry. These gains were not just good from the environmental perspective; they were good for the entire stakeholder family.

Instead of focusing on short-term gains, we prioritised continuous improvement to strengthen our performance across the value chain. I am pleased to share that JK Paper is a carbon-positive company. Over the years, our thrust on plantation activities within a 200-kilometre radius of our manufacturing facilities, continued to reduce transportation costs and provide sustainable livelihoods to the indigenous population. This reduced the overall mill-delivered cost of raw material. The Company has been continuously working on enriching its product mix to service customer demand better, besides enhancing average sales realisations. Your Company was able to validate the fact that green business is indeed good business. This was reflected in the impressive stock gains that returned almost 60%, double the gain in the benchmark indices of Sensex and Nifty.

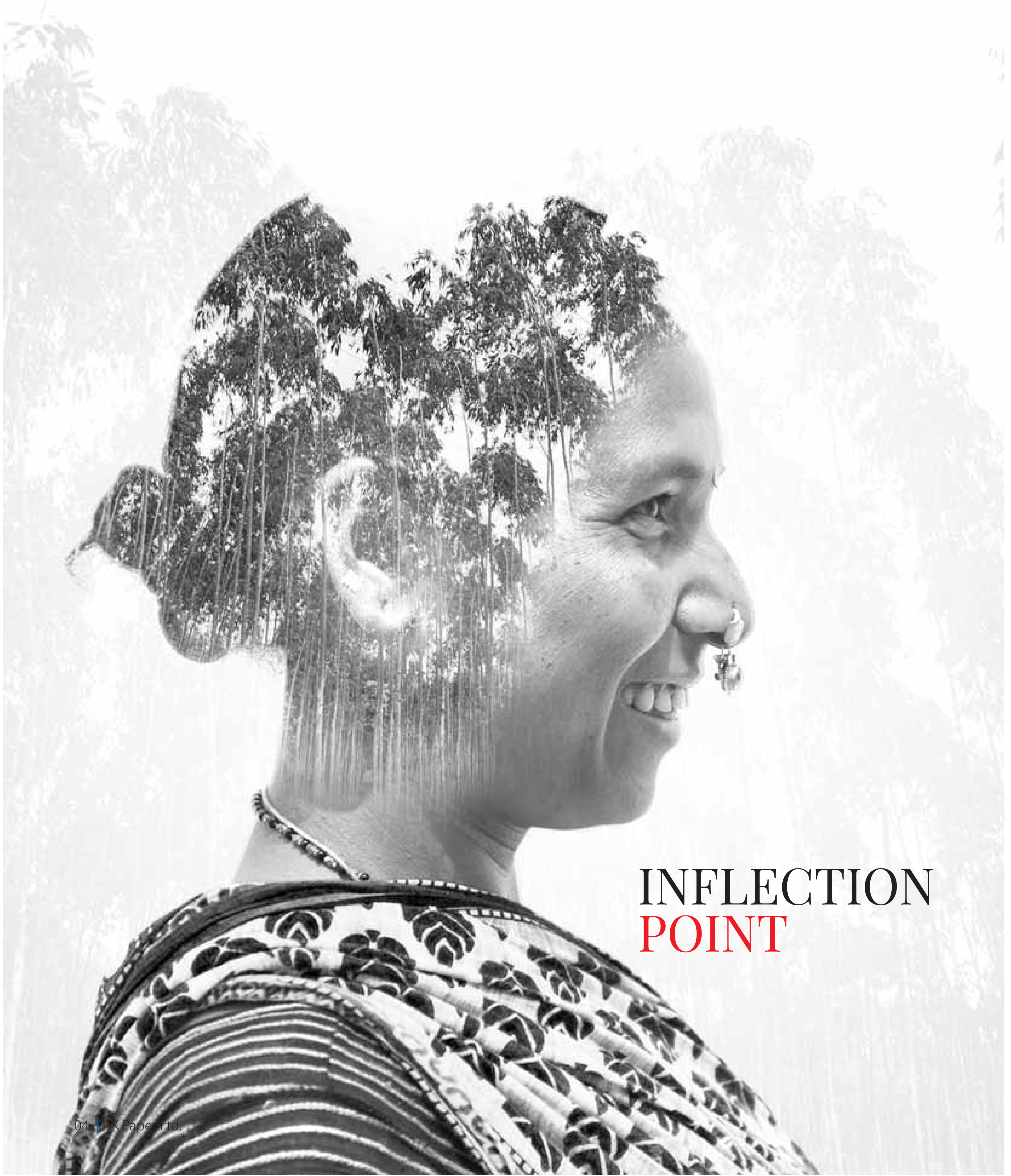
A combination of lowered debt, upgraded credit rating and efficient working capital management helped reduce finance costs complementing higher operating margins to result in increased PAT.

JK Paper strengthened the development and introduction of several quality products. The efforts of our wide marketing network, comprising over 200 distributors and over 4,000 dealers, played a major role in improving our customer servicing metrics, positioning our Company as a one-stop shop for a wide range of products and services.

Beyond our commitment to make the Company more valuable, we also achieved high manpower productivity from the integration of core organisational values into our employees, who were recruited selectively, trained intensively and retained effectively to emerge as outperformers.

Your Company's emphasis on qualitative excellence, coupled with farsighted growth initiatives undertaken to promote value addition, allowed JK Paper to stay ahead of its peers. Even as we have a long way to go, our vision is clear and with the active support of our stakeholders we should be able to make it happen.

Harsh Pati Singhania



INFLECTION POINT

For the country

- The size of the Indian economy was estimated at US$275 billion at the time of the 1991 economic reforms.
- India entered the trillion-dollar club in 2007; the size of its economy is currently valued at US$ 2.3 trillion.
- Almost all areas of the economy have been opened to foreign direct investment. More than 1,400 legacy business-hindering laws were removed in the last three years.
- India reported its highest-ever annual FDI inflows in 2017-18.

The big picture: India is expected to emerge as a five-trillion dollar economy by 2025.

For the Indian paper sector

- The Indian paper sector is among the fastest growing in the world.
- The Indian paper industry holds attractive potential; per capita paper consumption is merely 13 kg compared to around 57 kg globally, leaving a large gap to be plugged.
- Rapid urbanisation and transformation in lifestyle habits have resulted in a larger offtake of packaged products.
- India's growing literacy is increasing the consumption of writing & printing paper.
- Increased digitisation is widening the market for paper as back-up storage; there is a growing appetite for copier paper in line with the country's economic growth.

The big picture: India's economic growth is catalysing the prospects of the paper and paperboard sector; recent moves to reduce the use of plastic could further provide an impetus to paper and board applications.

For JK Paper

- JK Paper reported its highest-ever sales and profit in FY2017-18.
- The Company enhanced its manufacturing capability, reduced specific consumption, pared resource / overhead costs and improved quality.
- JK Paper strengthened its brand, enriched the product mix and enhanced realisations.
- The Company's gearing ratio improved from 1.08 in 2016-17 to 0.64 in 2017-18.
- The Company's debt service coverage ratio stood at 1.79 in 2017-18 compared to 1.08 in 2016-17.

The big picture: The Company reported profitable growth – PAT went up by 60%.

6 things you need to know about JK Paper

Foundation of credibility

- The Company is a part of the over 100 year old JK Organisaion, one of the leading business conglomerates of India. The Group enjoys a significant presence in the manufacture of automotive tyres, cement, power transmission, V-belts, oil seals, hybrid seeds, dairy products, textiles, health care, education, clinical research besides paper.
- JK Organisation employs over 40,000 employees.

Leadership and scale

- JK Paper is a leader in India's copier paper segment, the second-largest in the coated paper segment and a leading player in the packaging board segment.
- We enjoy a formidable presence in the value-accretive segments of the country's paper industry.
- The Company is one of the largest wood-based paper manufacturers in India.
- The Company's pulp and paper manufacturing operations are integrated.

Geographical diversification

- The Company spread its geographic risk through a manufacturing presence in east and west India.
- The Odisha operations are located in Rayagada (east) while the Gujarat operations are located in Fort Songadh (west).
- Unit JKPM, Odisha, manufactures copier, coated and maplitho paper vanities; Unit CPM, Gujarat, manufactures packaging board, copier, maplitho and a variety of specialty papers.
- The Company produced 4.78 lac MT of paper, packaging board and pulp in 2017-18.

Responsible corporate citizen

- JK Paper is among a handful of paper and paperboard companies in India to be certified by three major certification bodies - ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), OHSAS 18001 (Occupational Health & Safety Management System) and FSC (Forest Stewardship Council) certification.
- The Company's social responsibility engagement touches the lives of more than 100,000 people.

Wide footprint

- JK Paper enjoys a pan-India presence
- Our distribution network of paper and packaging board products comprises four regional offices, 16 warehouses, 208 wholesalers and over 4000 dealers – a pan-India footprint.
- The Company's products are exported to over 54 countries (including the US, the UK, Sri Lanka, Bangladesh, Singapore, Malaysia and several African and Middle Eastern nations).

Carbon and wood positive

- JK Paper undertook greening initiatives within a 200-kilometre radius of its units.
- The Company planted eucalyptus, casuarina and subabul clones / saplings across around 11,440 hectares in FY2017-18.
- The total area under the Company's farm forestry plantation model stood at over 1.5 lac hectares.
- We are a net carbon positive company; we plant more trees than we harvest for paper manufacturing at our Units.

Vision

To be a dynamic benchmark and leader in the Indian paper industry.

Mission

To be a world-class company, creating shareholder value by achieving growth and leadership through the following initiatives:

- JK brand equity
- Customer obsession
- Technological innovation
- Cost competitiveness
- Environmental and social care

Our journey

1938
Started manufacturing straw boards at Bhopal with a capacity of 3,600 tonnes per annum

1962
Installed first fine paper machine at Unit JKPM

1992
Acquired Central Pulp Mills (Unit CPM)

2005
Installed coating machinery at Unit JKPM

2007
Entered premium packaging board market

2013
Installed state-of-the-art fibre line and high-speed paper machine at unit JKPM (installed capacity 1,65,000 TPA)

The big message that we wish to convey is that we are at an inflection point and ready for the big leap

A performance review by every single member of JK Paper's team

The management team at JK Paper Limited is pleased to report a record performance in 2017-18. That this record performance transpired in a challenging year has made this performance even more creditable.

The Company reported its highest-ever gross sales of Rs 3,070 crore, best-ever profit after tax of Rs 260 crore and highest (in recent years) EBIDTA margin of 22.2%. In a capital-intensive business that encountered a number of headwinds, the Company reported profitable growth wherein the percentage growth in the Company's bottomline was higher than the percentage growth in revenues for three successive years. The result was an overall improvement in business health, reflected in an increase in return on capital employed from 11.1% to 14.9%. In the last quarter of the financial year under review, the Company had reported profit growth of 31% compared to the corresponding quarter in the previous year. This indicates that the improvement in the Company's performance was derived from a sustained systemic improvement rather than fleeting opportunistic responses.

The record performance of the Company during the last financial year came in the face a GST-induced consumer slowdown and increased imports. The Company's counter-response to these realities comprised a convergence of various organisational arms to address prevailing realities without a perceptible impact on the growth momentum. The result is that during the course of year, the Company's enhanced credit rating led to a competitive sourcing of funds with a long-term positive impact on the one hand and attractive positioning to capitalise on acquisition opportunities on the other.

The investment phase of the Company's existence (starting from the time it commissioned a new plant in 2013) is over; it is at an **inflection point** of a more exciting chapter in its existence.

During the course of year, the Company received an upgrade in its credit rating

Spirit behind everything

At JK Paper, the story of how we transitioned from a challenging post-expansion juncture into one of the country's most profitable paper companies has been a story of spirit, empowerment and teamworking. More than anything, it has been a story of how we believed we could be a leader and how this sense of self-esteem translated into an everyday culture manifested in whatever we did.

It would be naive to believe that invoking this resident spirit was simple. It was perhaps the biggest challenge that we addressed: transforming the team into one of the most dynamic within the country's paper sector. This, in turn, was our biggest achievement, translating into superior numbers and profitability.

It would be necessary to recall the story to appreciate where we have come from: when we transitioned from one technology to another and commissioned an entirely new plant from scratch in 2013, the capital-intensive nature of the business warranted that we maximise our capacity utilisation at a time when stabilising the diverse production variables was a challenge; we needed to generate the right product quality when a large part of our team was new; we needed to sell a larger volume at a time of intense competition.

It would have been easy to believe that the solution lay in the equipment or raw materials; we believed that the solution lay within our people.

The result is that instead of merely addressing a few priorities here and there, we embarked on transforming the organisation's DNA.

Instead of assuming that what had worked for us in the past would work for us in the future, we questioned every practice.

Instead of assuming that a linear response would suffice in a process-driven sector, we dared to dream different.

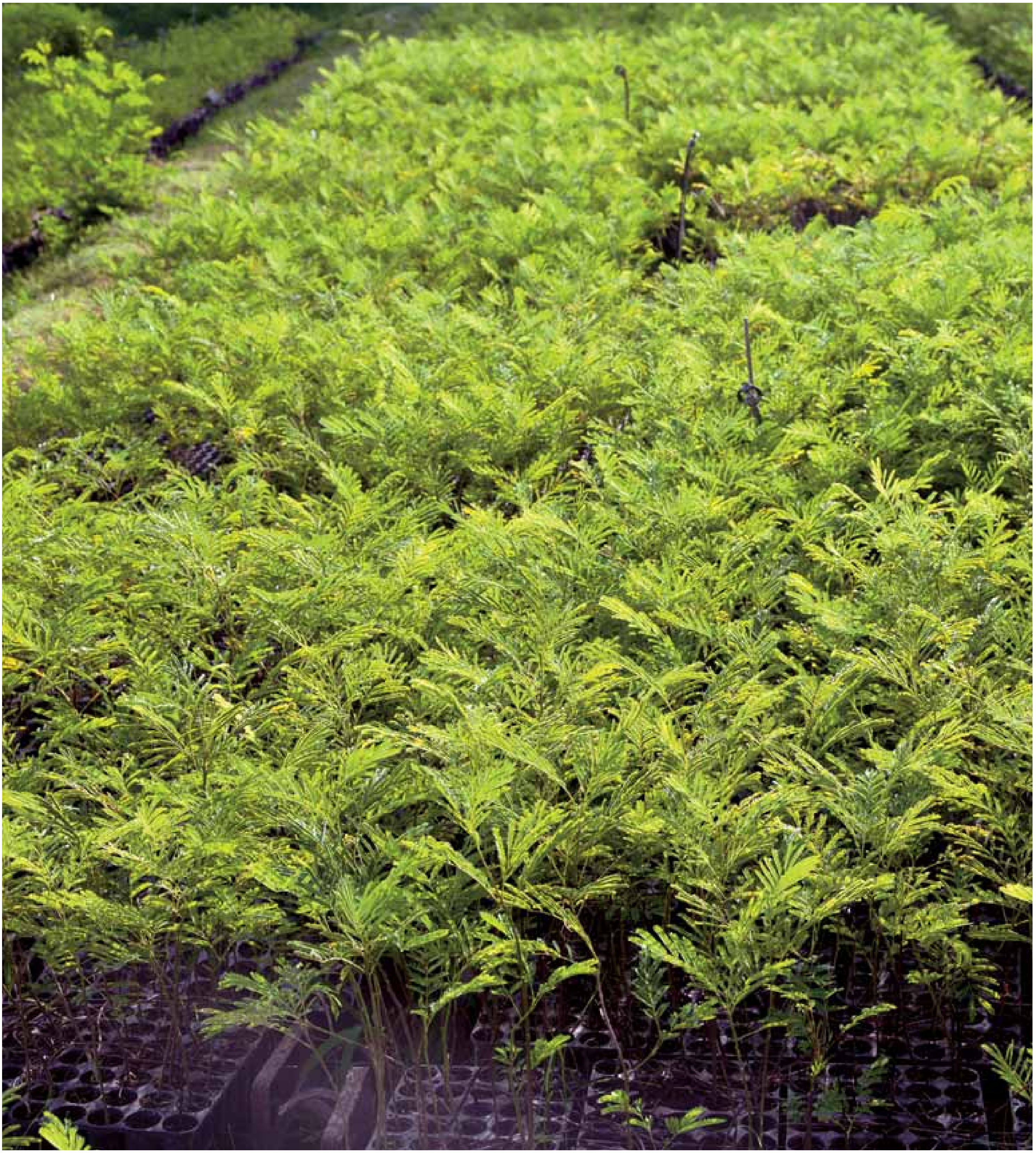
Instead of merely doing better than competition, we set out to do the best we could.

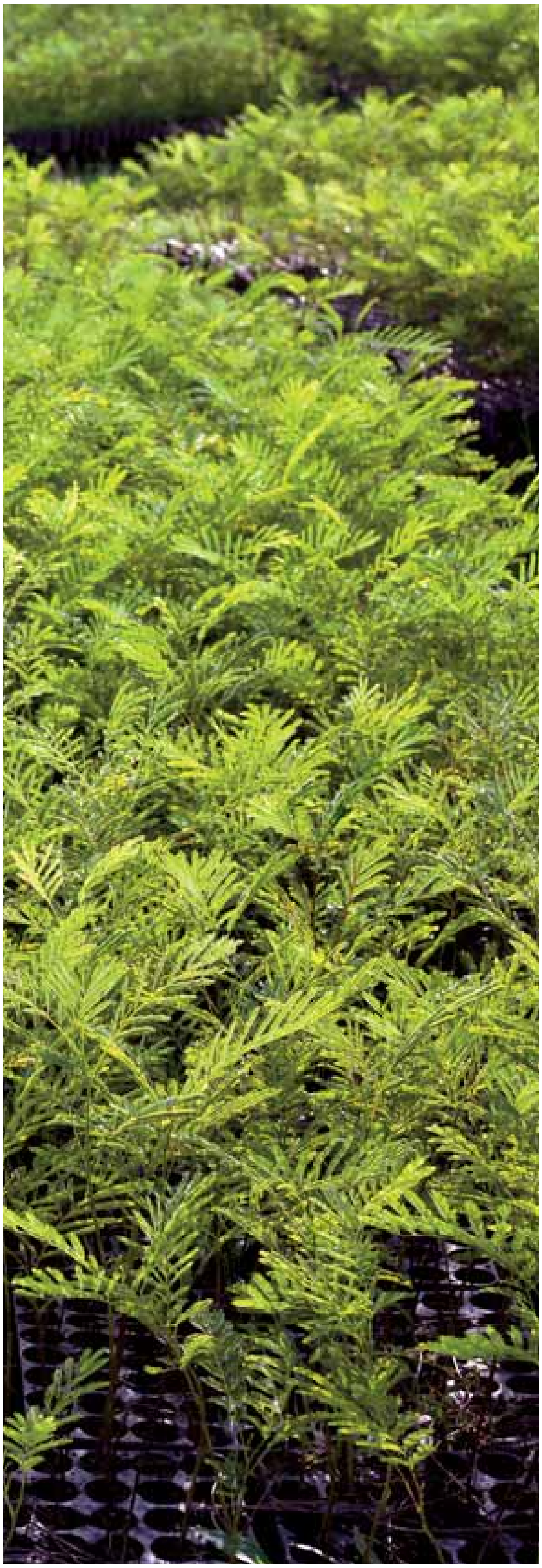
Instead of focusing on one-time gains, we prioritised continuous improvement.

Instead of being fazed by 'This is not done in our business', we warmed to 'Can we do something that has never been attempted'.

Gradually, these initiatives translated into everyday improvements across the organisation: the instance of the shopfloor worker who felt that the paper machines were making a low unusual hiss selected to investigate and discovered a critical component on the verge of a break down that could have affected production; the sales person who picked up the whisper that our trade channels were unhappy with a competing brand for a specific product that created an attractive market opportunity; the new recruit who presented an unusual idea of how to sweat equipment better; the employee who knew exactly how to evoke the image of a Fixed Deposit when convincing farmers to plant clonal seedlings; the agricultural technologist who specialised in superior irrigation practices to enhance plantation yields; the chemical engineer who figured a better way to save 0.2% of coal consumption per tonne of paper produced; the materials manager who recommended better sourcing of a superior fuel mix to generate more value for the money spent; the shopfloor supervisor who came up with the concept of a morning worker huddle that helped enhance safety in everyday working; the accounts officer who proposed an IPL-like environment that would enhance the competitiveness of our two plants and organisational productivity.

The aggregation of these various instances translated into distinctive responses: faced with the overarching need to turn the business around, we empowered our people to think 'small'; when addressing the sizable annual interest outflow and debt repayment, we focused on better negotiation to provide us with breathing room to strengthen cash flows; when faced with the prospect of expensive raw material transported across long distances, we embarked on the challenging and long-term cultivation of wood resource on proximate farmer plantations; when faced with tight environment conformance, we wove the businesses around compliance fulfillment. We inspired our people to look problems eyeball-to-eyeball until the challenges were resolved.





Transforming the organisation

The successful transformation from a challenging post-expansion to the robust present was not because a few things within the Company fell in place; it was because virtually everything that contributed to the Company's success came into motion. It would have been one thing to tell each contributing arm to do the best they could; the Company focused on transforming them into 'centres of excellence' instead.

Take raw material security and sourcing as an instance. When the new plant was commissioned, it procured raw material from an average distance of 882 km; the transportation cost was high and something that would just have to be incurred to keep the Company in business.

At JK Paper, we took a differentiated view. We felt that by presenting farmers within the unit's hinterland the opportunity to grow wood, we would be addressing two objectives: the farmers would generate a more sustainable livelihood over what they grew and would find a ready buyer for their produce, liberating them from volatile farm realities; the Company would, in turn, strengthen its resource security with corresponding material and logistics savings.

When this was proposed, a number of people indicated the long-term gestation was one of the biggest drawbacks of the scheme as the Company's financial surplus was limited. However, the contrarian decision paid off; the proportion of wood generated from the proximate catchment areas increased from 41% of all the wood consumed by the Company in 2015-16 to 71% in 2017-18. The bonus is that during this period, plantation yields increased; besides, the use of clonal seedlings resulted in wood of a superior variety.

The Company brought a similar spirit to turning its expanded manufacturing operations around. In the capital-intensive business where a high capacity utilisation was always a priority as it would help us amortise fixed costs better, we sweated our assets efficiently, focused on consistent cost moderation, strengthened operating efficiencies to generate a higher output from the given quantity of raw material and reduced energy consumption per tonne of paper produced. And just when critics felt that the growth story was over after we had touched rated output, we attempted the lateral: we outsourced production, supervised outsourced quality and marketed products under our own brand, opening up a completely new dimension to our growth programme.

This spirit was reflected in the last financial year when we encountered an import surge that affected the sector at large. Even as a number of observers felt that our Company would be affected, we responded to the reality with speed: we moved into new markets relatively unaffected by imports. The result is that during a challenging year, we generated higher average realisations, strengthened our service, ensured quality and leveraged the power of our portfolio across trade channels. The result is that challenges notwithstanding, we sold a larger quantity during the last financial year.

This spirit of extending beyond the usual was visible when the Company selected to invest in its intangibles. The Company could have provided trade channels a higher commission to push sales; it selected to train the distributor's sales persons in selling and product differentiation instead. The Company could have only provided training on the job; it created a new competence framework for the leadership pipeline instead.

This spirit was reflected in the last financial year when we widened our footprint on the back of a robust distribution network comprising over 200 wholesalers and over 4000 dealers coupled with 16 depots, increasing the availability of our products across India.

The result is that we are a stronger company today than we ever were and empowered to drive our growth in a sustainable way.

14.9

(%)

The Company's return on capital employed during 2017-18.

13

(kilograms)

Per capita consumption of paper in India - one fourth of the global average.

Optimism

We are optimistic of our long-term prospects for a number of reasons.

Even as India is considered to be a major market for paper, the reality is that the country's per capita consumption is low at 13 kgs compared with the global consumption average of 57 kgs. That the country is extensively under-served when it comes to paper is evident: India accounts for nearly a sixth of the global population but consumes one-25th of the world's paper.

We believe that the correction of this under-consumption is already in progress. India is possibly the fastest-growing large paper-consuming nation in percentage terms. The country's growing literacy - from 64.84% all-India for both genders in 2001 (census) to 74.04% in 2011 (census) – represents a curve that should touch the consumption inflection point across the foreseeable future.

Besides, this growing literacy is being complemented by growing per capita incomes that should translate into an enhanced consumption of packaging

boards as well as writing & printing paper.

The management is optimistic of capitalising on this unfolding reality for some good reasons.

The Company repaid debt of Rs 460 crore, moderated the cost of debt which led to a decline in interest costs from 6.9% of net sales in 2016-17 to 5.1% in 2017-18, strengthening cash flows.

The Company will continue to explore operating and resource sourcing efficiencies that translate into lower costs and enhanced competitiveness.

The Company will leverage the power of its intangibles (brand, distribution channels and knowledge) to enhance value-addition.

The Company intends to report controlled growth where all factors contributing to its success are in synced harmony, strengthening the Balance Sheet.

In view of these realities, we believe that the Company stands at an **inflection point** where it is prepared to address the opportunities of the future.

The management team,
JK Paper Limited

Our improving performance over the years

EBITDA (Rs crore)

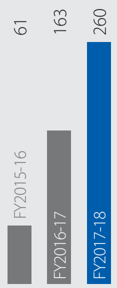
Definition
Earnings before the deduction of interest, depreciation, extraordinary items and tax.

Why is this measured?
It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures and can be easily compared with respective averages of sectoral peers.

What does it mean?
To meet financial obligations and fund future growth.

Value impact
The Company's EBITDA grew every single year through the last three years. The Company's EBITDA increase by 18.6% to reach Rs 639 crore in FY2017-18 was an outcome of a multidimensional strengthening of the business model.

Net profit (Rs crore)



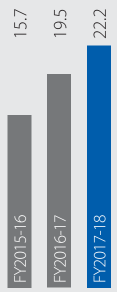
Definition
Profit earned during the year after deducting all expenses, depreciation and tax.

Why is this measured?
It highlights the strength of the business model in enhancing value for shareholders.

What does it mean?
Gives the ability to reward shareholders and fund future growth.

Value impact
The Company's net profit grew every single year through the last three years. The Company's net profit increased by 60% to Rs 260 crore in FY2017-18.

EBITDA margin (%)



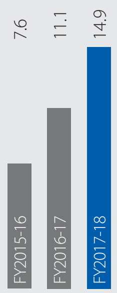
Definition
EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency.

Why is this measured?
The EBIDTA margin gives an idea of how much a company earns (before accounting for interest, depreciation and taxes) on each rupee of sales.

What does it mean?
Demonstrates adequate buffer in the business, which when multiplied by scale, enhances surpluses.

Value impact
The Company reported a 270 bps growth in EBITDA margin during FY2017-18, its third successive year of increase.

ROCE (%)



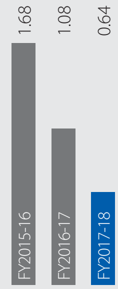
Definition
It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

Why is this measured?
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

What does it mean?
Enhanced ROCE can potentially drive valuation and perception.

Value impact
The Company reported a 380 bps increase in ROCE during FY2017-18.

Gearing (x)



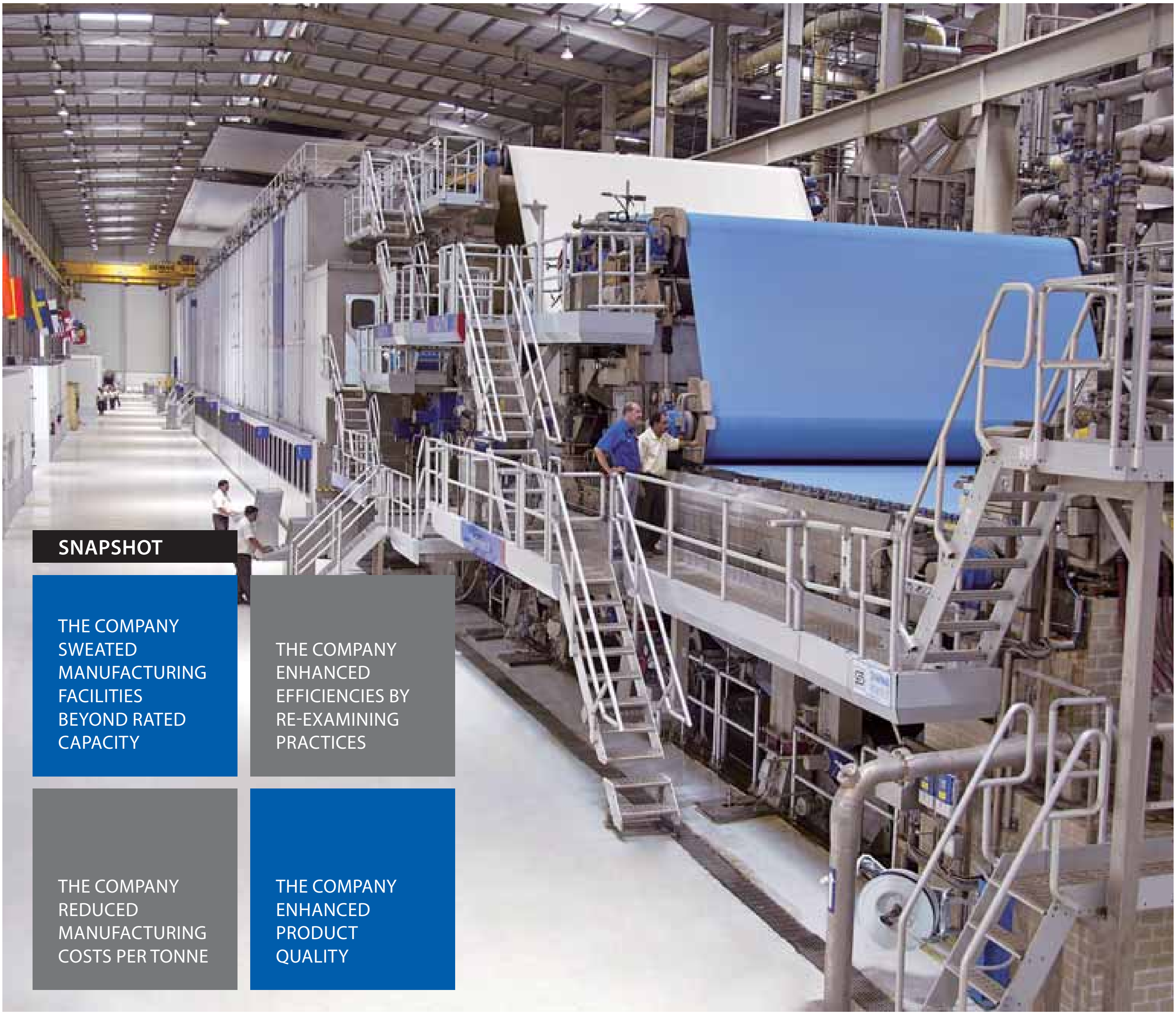
Definition
This is derived from the ratio of net debt to net worth

Why is this measured?
This is one of the defining measures of a company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

What does it mean?
Adds value in the hands of the shareholders by keeping the equity side constant and boosts flexibility by progressively moderating debt costs.

Value impact
The Company's gearing stood at 0.64 in FY2017-18 compared to 1.08 in FY2016-17. During the year, the Company repaid Rs 460 crore debt. The Company converted Rs 95 crore FCCBs into equity shares, reducing its indebtedness.

**Debt is net of cash & liquid / current Investments*



SNAPSHOT

THE COMPANY SWEATED MANUFACTURING FACILITIES BEYOND RATED CAPACITY

THE COMPANY ENHANCED EFFICIENCIES BY RE-EXAMINING PRACTICES

THE COMPANY REDUCED MANUFACTURING COSTS PER TONNE

THE COMPANY ENHANCED PRODUCT QUALITY

Building on a culture of manufacturing excellence

Overview

JK Paper comprises two large integrated paper manufacturing units – Unit JKPM and Unit CPM. Their combined capacity of 4,55,000 tonnes per annum makes the Company one of the largest paper manufacturers in India. The Company used a variety of wood species to manufacture pulp and diverse paper varieties, based on market preference and realisations.

The differentiator

In the competitive paper sector, there is an ongoing challenge in manufacturing the best quality of paper and growing volumes at declining costs. Over the years, JK Paper engaged in enhancing manufacturing output through continuous debottlenecking.

It upgraded pulping and paper manufacturing technologies with the objective to enhance output and quality on the one hand and reduce costs on the other. The resulting economies empowered the Company to enhance production and moderate manufacturing costs. The Company reported progressively higher volumes (highest output since existence in FY2017-18).

Strengths

- **Technology:** JK Paper invested around Rs 1,775 crore in 2013 in modernising and expanding its Unit JKPM. This comprised the installation of a state-of-the-art paper manufacturing capacity of 1,65,000 tonnes per annum and pulp mill with a capacity of 2,15,000 tonnes per annum
- **Efficiency:** The Company's continuous de-bottlenecking empowered it to exceed installed capacity
- **Location:** The Company's Unit JKPM is attractively placed and proximate to abundant raw material sources while its Unit CPM is located in the vicinity of India's major ports and markets
- **People:** The Company's decision to empower people on the shop floor to perform enhanced operational responsibility and emotional ownership, strengthening productivity

The combined capacity of 4,55,000 tonnes per annum across two plants makes the Company one of the largest paper manufacturers in India.

Aggregate highlights, FY2017-18

- Achieved highest-ever production (4.78 lac metric tonnes compared to 4.70 lac metric tonnes in the previous year)
- Strengthened capacity utilisation to 105% and 103% at Unit JKPM and Unit CPM, respectively
- Increased pulp production to 2.85 lac MT compared to 2.82 lac MT in the previous year
- Sourced and increased the proportion of its raw material requirement from within a 200-kilometre radius of Unit JKPM
- Achieved best-in-class power, coal, water and steam consumption at Unit JKPM; reduced coal procurement costs by reinforcing local linkages and moderating dependence on imported varieties
- Enhanced the proportion of renewable sources in its fuel mix

Outlook

The Company intends to sweat its facilities more effectively, generating higher output at controlled costs, strengthening viability. The Company intends to scale its paperboard capacity across the foreseeable future in line with growing downstream demand.

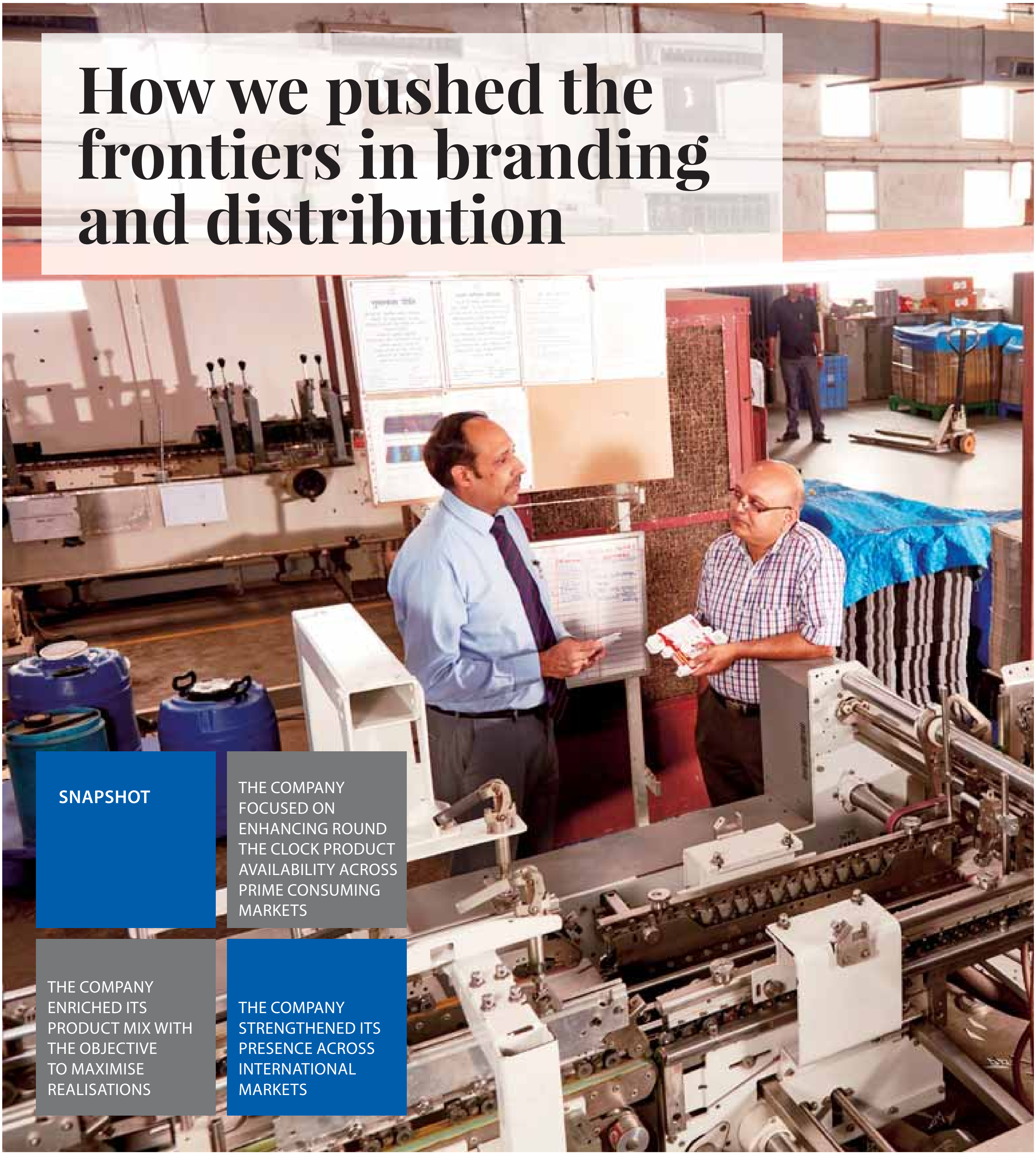
Unit JKPM y-o-y performance improvement

Particulars	FY2015-16	FY2016-17	FY2017-18
Power consumption (Kwh per tonne of paper produced)	1,203	1,140	1,130
Steam consumption (tonnes per tonne of paper produced)	8.51	8.21	8.09
Coal consumption (tonnes per tonne of paper produced)	0.80	0.64	0.62

JK Paper: First among equals

- First Indian paper company (and the third, globally) to receive TPM certification from the Japan Institute of Plant Maintenance
- First Indian paper company to receive ISO:9001 and 14001 certifications
- First Indian paper company to invest in a world-class pulp mill
- First Indian paper company to be certified by ColorLok®
- First Indian paper company to offer surface-sized wood-free paper

How we pushed the frontiers in branding and distribution



SNAPSHOT

THE COMPANY FOCUSED ON ENHANCING ROUND THE CLOCK PRODUCT AVAILABILITY ACROSS PRIME CONSUMING MARKETS

THE COMPANY ENRICHED ITS PRODUCT MIX WITH THE OBJECTIVE TO MAXIMISE REALISATIONS

THE COMPANY STRENGTHENED ITS PRESENCE ACROSS INTERNATIONAL MARKETS

Overview

The Company comprises some of the most respected brands in the Indian market. Over the years, this respect has translated into a positive recall among trade partners and consumers: for dependability, superior value and responsiveness to customer needs. Our customer-first approach has helped us understand changing needs better and propose the right kind of product for them.

The Company's products are available pan-India. The Company widened its footprint on the back of a robust distribution backbone comprising over 200 wholesalers and over 4000 dealers coupled with 16 depots, resulting in a virtual anytime-anywhere availability of products pan-India. The Company penetrated deeper across markets with the proportion of non-metro wholesalers at 70%.

By the virtue of a superior recall and extensive product availability, the Company consistently marketed products more efficiently than competitors, strengthening market share. The Company's flagship brand JK Copier retained its position as India's most premium copier brands. Its superior performance and best-in-class quality helped JK Copier report higher revenues.

Strengths

Team: The Company's large sales team with an average age of 35, enjoys the respect of being among the most dynamic in India's paper industry

Service: The Company is respected industry-wide for its consumer complaint redressal responsiveness

Diversification: The Company extended from a longstanding presence in legacy spaces to new concepts and categories (product outsourcing and maplitho)

Relationships: The Company's high employee retention enhanced a sales

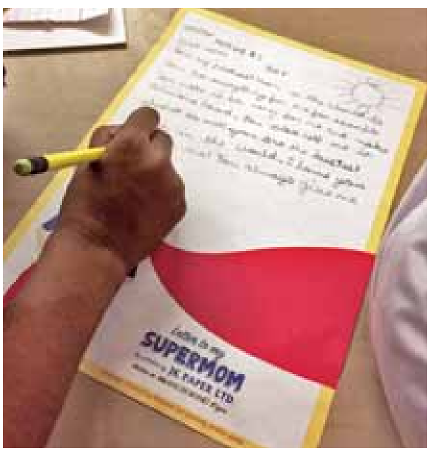
The Company exported paper/ board products to over 54 countries during the year under review (including the US, the UK, Sri Lanka, Australia, Singapore, Malaysia, Middle East countries and Africa).

relationship familiarity that translated into growing customer accounts

Stocking: The Company increased the number of pan-India warehouses from 7 to 16 in the last four years with the objective of minimising the turnaround time in addressing downstream customer needs

Highlights, FY2017-18

- Reported a 4% increase in sales by volume to a record 5.02 lac MT and 3% growth in sales by revenue
- Augmented the share of revenues derived from outsourced products from 8% to 9%; outsourced sales increased 11.6%
- Strengthened realisations by marketing the right product variety to the right region at the right realisation
- Broad-based risk across different products marketed across varieties and sold across different markets, strengthening portfolio stability
- Increased distributors from 201 to 208
- Operated 16 pan-India depots that reduced the turnaround time in product delivery, enhancing customer (primary and secondary) delight
- Conducted 10 training programmes that enhanced new product awareness
- Exported products to over 54 countries
- Launched A5 range of paper
- Invested in technology-driven credit control; reduced the receivables cycle to 14 days



Exports: JK Paper was actively engaged in widening its footprint beyond India during the year under review. The Company exported paper products to over 54 countries including the US, the UK, Sri Lanka, Australia, Singapore, Malaysia, Middle East countries and Africa). The Company leveraged its global distribution network to strengthen exports. The Company's JK Copier brand continued to be the largest-selling in its category in Sri Lanka.

Outsourcing: JK Paper pioneered outsourcing in the Indian paper industry in 2002 with the objective of leveraging its extensive distribution network and providing customers with a wider product choice. Some outsourced paper grades comprised chromo (one side-coated), maplitho (uncoated wood-free) and packaging boards, among others. This outsourcing function remained asset-light, entailed no capital expenditure and strengthened the Company's brand as a one-stop solutions provider.

Branding initiatives

In the business of paper, the role of the brand is critical. Over the years, the Company invested in its brand through various initiatives, strengthening recall for 'quality', 'availability' and 'responsibility'.

The Company sustained branding initiatives during the year under review.

- The Company engaged in branding through below-the-line activations, digital marketing, brand videos, outdoor advertising and the use of print media, touching a larger audience.
- The Company's firm stand on busting the myths surrounding paper and its impact on the environment were key in our communication during the year. The communication was promoted through digital & BTL activations to make the masses aware about the reality and counter misinformation.
- The Company strengthened outdoor visibility through JK Shoppes (redesigning the jobber's shop), glow sign boards, flanges etc., enhancing trade visibility. The Company launched a cinema advertisement campaign around the flagship JK Copier brand, generating an appreciable response.
- The Company strengthened its digital presence, launching social media campaigns on occasions like Mother's Day and International Forest Day (among others). Brand videos leveraged Facebook, Whatsapp and YouTube to enhance visibility among younger users.
- Below-the-line activations ('Letter To My Supermom' and 'The Write-Up' etc.) helped connect the Company's brands with students and parents. Loyalty programs helped establish a direct dialogue with the trade and jobber community.
- Training for channel partners (technical to soft skills) enhanced informed sales and helped comprehend customer needs better. Annual conference and road shows helped communicate the Company's vision and understand channel partner viewpoints better.
- The complement of these marketing initiatives strengthened realisations and accelerated offtake, strengthening overall profitability. Besides, these initiatives helped strengthen working capital management of the Company's channel partners, strengthening their engagement.

Outlook

The Company intends to increase the launch of value-added products and proportion of revenues derived from outsourced products, strengthening margins.

How we secured our raw material to enhance viability

SNAPSHOT

THE COMPANY FOCUSED ON ENHANCING YEAR-ROUND RAW MATERIAL AVAILABILITY

THE COMPANY FOCUSED ON MINIMAL ENVIRONMENT IMPACT

THE COMPANY FOCUSED ON ENHANCING RESOURCE YIELDS

490

(lac)

Trees planted in 2017-18.

71

(%)

Share of raw material procured from within a 200-kilometre radius of the Company's plants, FY2017-18.

Overview

In the earlier years, wood was procured from far-off and multiple states as far as 1200 km in some instances, incurring high logistics costs. Over the years, the Company made a strategic shift in the pursuit of long-term resource security: it decided to encourage farmers within a 200-kilometre radius of its manufacturing facilities to plant hardwood species (Eucalyptus, Subabul and Casuarina) coupled with the assurance of a buyback. The Company's farm forestry initiative proved to be a game-changer; the plantation area now comprises more than 150,000 hectares across Gujarat, Maharashtra, Chhattisgarh, Odisha and Andhra Pradesh. The farm forestry initiative has helped enhance sustainable livelihoods across rural districts, provided farmers a stable customer and the prospect of equitable realisations. The proportion of resources derived by the Company from the farm forestry initiative has increased at a fast pace in the last four years.

Strengths

- **Sustainability:** The Company plants more trees than it uses as resource
- **R&D:** The Company developed short-rotation clones (about three years) to enhance yields and farm productivity
- **Farmer education:** The Company is focused in providing training and development to farmers to achieve higher yield.
- **Higher yield per hectare:** The Company carries extensive research and development to develop short rotation clones (2-3 years) for the improvement of plantation yields, which results in increased returns to farmers.
- **Outreach:** The Company trained farmers in modern-day agricultural and related financing practices that enhanced farm productivity

Highlights, FY2017-18

- Increased the proportion of hardwood procured from within a 200-kilometre radius of its manufacturing facilities from 41% in 2015-16 to 71% in 2017-18
- Planted over 490 lac trees, taking the total number of trees planted to about 3,000 lac in the last four years, a sizable resource for prospective utilisation
- Sourced 71% of its raw material requirement from within a 200-kilometre radius of its manufacturing facilities
- Assisted farmers in improving yields per hectare by providing better quality clones and introducing better farm practices.

Outlook

The Company will seek to work with the most responsible and progressive resource suppliers based on a comprehensive evaluation of their resource quality, cost, delivery lead times, technology absorption capability and supply consistency. Planted more trees than we harvested in the last four years.

Share of raw materials procured from within a 200-kilometre-radius of the Company's plants (%)

FY2015-16	FY2016-17	FY2017-18
41	49	71

SNAPSHOT

THE COMPANY HAS CONTINUOUSLY REPORTED PROFITABLE GROWTH DURING THE PAST YEARS

THE COMPANY ALSO FOCUSED ON DELEVERAGING ITS BALANCE SHEET IN THE LAST THREE YEARS

How we undertook several decisive steps to improve our financial health

The Company's efforts in the realms of operational improvement helped improve its credit rating from CRISIL from A/Stable to A/Positive.

Overview

In the business of paper manufacturing, adequate liquidity is the lifeblood, helping sustain operational growth and generating significant surplus for reinvestment. During the year under review, the Company strengthened its operating and financial controls, translating into enhanced liquidity and superior operating margins.

Strengths

Improved rating: The Company's efforts in the realm of operational improvement helped improve its credit rating from CRISIL from A/Stable to A/Positive.

Cost management: The Company moderated debt costs and prepaid high cost loans over and above due repayments, which led to a decrease in interest cost outflow from 6.9 % of net sales in FY2016-17 to 5.1 % in FY2017-18.

Forex hedging: The Company managed its foreign currency exposure by taking appropriate hedging options including interest rate swaps, currency swaps, forward, options and call spread structures. It also leveraged ECAs, ECBs, FCCBs and domestic debt to lower overall debt cost.

Investor relations: The Company continued to engage with the investor community by holding quarterly con-calls and participating in various meets to help stakeholders understand the nuances of the paper industry better.

Capital management: Effective working capital management helped the Company reduce its overall working capital requirement to 18 days of turnover equivalent from (32 days in FY2015-16).

Highlights, FY2017-18

- Repaid high-cost debt and negotiated further with banks to reduce interest rates on rupee term loans and working capital loans
- Converted its variable rate borrowings into fixed rate borrowings from 33% to 51% of total borrowings, de-risking the debt portfolio from fluctuating interest rates
- Strengthened trade terms by enhancing the proportion of cash-and-carry and reinforcing guidelines
- Funded a substantial portion of its working capital outlay through cheaper interest buyer's credit and Export Packing Credit.
- Invested in technology-driven credit control to shrink the receivables cycle

Outcome

Profitability: EBIDTA margin improved by 270 bps from 19.5% in 2016-17 to 22.2 % in 2017-18.

Gearing: Net debt-to-equity ratio declined from 1.08x in 2016-17 to 0.64x in 2017-18.

Interest coverage: Improved interest coverage from 2.87x in FY2016-17 to 4.47x in FY2017-18

Net debt-EBITDA ratio: Brought down the net debt-EBITDA ratio from 2.65x in FY 2016-17 to 1.66x in FY 2017-18

Outlook

The Company is ideally poised to undertake sustainable prospective growth.

Long-term credit rating (CRISIL)

FY2015-16	FY2016-17	FY2017-18
BBB+/Positive	A/Stable	A/Positive

Net debt-EBITDA ratio

FY2015-16	FY2016-17	FY2017-18
4.65	2.65	1.66

Debt service coverage ratio

2015-16	2016-17	2017-18
0.94	1.08	1.79

The JK Paper business model

Rationale

At JK Paper, we have crafted our business model in line with evolving economic and sectoral realities. This responsiveness in a dynamic market environment has helped generate profitable growth in the last few years marked by challenging market cycles.

Sectoral context

Income growth: India's paper appetite growth has been driven by national GDP growth of more than 6%, making India one of the fastest-growing major economies. Consequently, per capita net national incomes strengthened from Rs 1,03,219 in FY2016-17 to an estimated Rs 1,11,782 in FY2017-18.

E-commerce boom: With the e-commerce sector estimated to grow from US$ 38.5 billion in 2017 to US$ 228 billion by 2030, the country's paperboard segment is expected to correspondingly grow as well.

Urbanisation: India's urbanisation between 2010 and 2015 grew at an annual 1.1%, the highest among major economies. India is expected to add more than 400 million people to its urban population between 2014 and 2050, which represents a strong case for increased paper consumption (the urban Indian consumes more paper than the rural Indian).

Room for growth: India is arguably the fastest-growing paper market. Even as annual global paper consumption growth is around less than 2%, India's paper appetite has grown at around 6% per annum across the last few years.

GST implementation: Following the implementation of GST, unorganised and marginal players have found it difficult to comply with the new regulatory environment. This compelled a number of them to increase prices, affecting their competitiveness. This has benefited organised and compliant players.

How JK Paper is capitalising on this emerging opportunity

Locating ourselves strategically: The Company's manufacturing units are strategically located (Odisha and Gujarat) in terms of raw material access and servicing market needs.

Strengthening our financials: The Company balanced debt and accruals to fund growth in a capital-intensive sector. The Company's long-term debt stood at Rs 1,234 crore (following Rs 460 crore of debt repayment in FY2017-18). Gearing was an attractive 0.64% during the year under review.

Diversifying our offerings: The Company cemented its presence across growing segments like coated paper, uncoated paper and packaging boards. This will reduce the risk from fluctuations in profitability of any specific segment

Spreading ourselves wider: The Company enjoys strong ties with over 4,000 dealers and 208 wholesalers and has 16 depots, ensuring a pan-India reach. This robust distribution pipeline has also provided the Company with the opportunity to market outsourced products, enhancing revenues and customer convenience.

Safeguarding resource security: The Company sources a sizeable quantity of wood from farmers proximate to manufacturing facilities. The Company encourages farmers to plant pulpwood saplings, enhancing incomes and manufacturing suitability.

Ensuring environmental integrity: The Company's eco-friendliness has been reinforced through various investments across manufacturing and proximate facilities, making it a completely compliant and responsible manufacturer.

Outcome

Growth: Achieved highest-ever sales of 5.02 lac metric tonnes during the year under review (4.82 lac metric tonnes during FY2016-17); increased revenues from Rs 2,989 crore in FY 2016-17 to Rs 3,070 crore in FY 2017-18.

Profitability: Strengthened EBIDTA margins from 19.5% during FY2016-17 to 22.2% during FY2017-18; ROCE strengthened from 11.1% to 14.9%.

Sustainability: Reported a 23% decline in debt during FY2017-18; net worth strengthened from Rs 1,322 crore to Rs 1,646 crore, right-sizing the Balance Sheet.

Valuation (market capitalisation): Reported an increase in valuation to Rs 2371 crore as on 31st March 2018, a 60% growth y-o-y.

Rating: Received A/positive rating and A1 rating on long-term and short-term debt respectively from CRISIL, strengthening its ability to mobilise low-cost financial resources if necessary.

How we strengthened our people resources

"From an employee point of view, the conventional thought process was to get a job and stick to it for as long as circumstances allowed. It was not so much about the role and responsibility one was going to share in the organisation in accordance with his/her aspirations of growth. The scenario has changed: new employees are more oriented towards self-worth in their organisational roles irrespective of the amount of time they spend of their job" Mr. A. S. Mehta, President

SNAPSHOT

THE COMPANY CONTINUED TO FOCUS ON DEVELOPING LEADERS AT ALL LEVELS	THE COMPANY CONTINUED TO INVEST IN PEOPLE PRACTICES, FOSTERING EN-TREPRENEURSHIP	THE COMPANY CONTINUED TO REINFORCE ITS IMAGE OF A 'CHANGE LEADER'

Overview

JK Paper is a values-based organisation, investing in its people to grow its business.

The secret of the Company's high productivity was derived from the integration of core organisational values with its employees. The Company recruited selectively, trained intensively and retained effectively to emerge as an outperformer.

The Company engaged its people through various formats - communication meetings and departmental meetings to effectively communicate its vision, strategy, objectives and expectations as well as source feedback. The Company undertook periodic engagement surveys to assess satisfaction levels and inspire strategic action.

The Company enriched its operating culture through benchmarking with best practices. Collaborative and capacity-building exercises were conducted; market visits (India and overseas) were periodically organised for select employees to accelerate best-in-class practices. A grievance redressal mechanism at the plant enhanced trust. An end-to-end review and reward mechanism helped enhance productivity.

Employee Engagement

At JK Paper, we believe that engaged and inspired employees are more satisfied with their work, tend to stay with the Company longer, and are more productive and committed. As we progress in the Digital Age, we recognise the importance of a customer-focused, performance-driven and future-capable team that will not just meet but surpass growth ambitions. In keeping with this, several initiatives and policies were drawn up to engage employees. We conducted regular engagement programs like popular personality survey, 'Back 2 Bachpan' games, cricket and badminton tournaments, annual family tour and picnic, special celebrations on Diwali, Holi, Women's Day, etc that we rolled out as per our engagement calendar. We endeavored to enhance energy levels in the organisation through our fun-filled engagement practices. Other key initiatives included 'Santusthi' where employees volunteered to carry out social work. This activity helped inculcate the JK value – 'Caring for people' in our daily lives.

We are now venturing into the domain of Cloud-Based HRIS that will significantly contribute in engaging our employees and enable them to experience our 'HR On-The-Go' facility, anytime anywhere.

Communication Channels

Communicating and being connected with employees is a key agenda of our people-driven strategy. In this line, we mandated five communication meetings where the interaction happens two-way and people participate enthusiastically. Apart from this, senior executives walk an extra mile to make themselves available to discuss issues and ideas at different forums. Initiatives like 'Sharing Mind', 'Sampark' and 'Coffee with President' were initiated to enhance top management engagement and accessibility. Under the 'Sharing Minds' program at the head office, business heads interact with different segment of employees in small groups to discuss day-to-day issues and ideas. Under program 'Sampark', the unit head and other senior executives interact with employees in an informal way. This forum helps in resolving issues immediately and breaking barriers. The program Coffee with President gives an opportunity to the 'Employee of the Quarter' to interact with the President and know him better.

Talent Management

The Company engaged Aon Hewitt to access potential of senior personnel on refined JKO competency and bridge the gap (if any) through different learning interventions like MDP, cross-functional assignments etc. to take up challenging assignments. The Company collaborated with Thomas International for identifying and developing high potential talent among lower and middle management leaders through textual learning (10%), classroom training (20%) and hands-on involvement (70%).

Learning & Development

Our focus is to create a Learning Organisation. The Company rewarded people for failure and correction. It created an environment where employees accepted their mistakes, learned from them, and bounced back with greater success. The Company launched e- Gyan (e-learning portal of skill soft) focused on gamified e-learning across functions, which helped in easier learning and retention compared to conventional classroom training. The Company created cross-functional learning forums – 'Kitabon ki aur' (Book club) – where people shared learnings. The Company provided an online library through Kwench where employees could borrow books and enrich themselves. In the coming year, we decided to focus on learning interventions for building customer focus as key skills for all employees. In this regard, we started the initiative of 'Pushing Boundaries – Outbound Workshop' with the Marketing & Sales department across locations, which helped strengthen team bonding, customer focus and re-energising for enhancing success.

On the industrial relations front, the Company enjoyed congenial working relations with its workforce.

The Company engaged with Aon Hewitt to redefine competence levels of the senior personnel. A combination of youth and experience enriched the operating culture.

Training person-days

2015-16	2016-17	2017-18
3,443	3,740	4,317

CSR at JK Paper: Creating socially harmonious and economically vibrant communities

Overview

Well before corporate social responsibility (CSR) became mandatory for companies, the JK Organisation assigned the highest priority to the welfare of workers, families and communities living proximate to its manufacturing facilities. For decades, projects were implemented around people's aspirations.

By leveraging trust and community partnership, JK Paper established a strong presence across 141 villages covering a population of more than 87,000 beneficiaries (more than 48000 being direct) and is presently expanding its CSR footprint across Gujarat, Uttar Pradesh and Odisha. The result is that the CSR budget has progressively increased to match the widening CSR footprint.

Women

Sparsh, the implementing NGO for the Company under the women empowerment program, identified a number of mobilisation and income-enhancing activities contextualised around their socio-cultural milieu. Self-help groups remained the most effective engagement medium. The SHGs provided beneficiaries with sustainable income sources, an opportunity to participate in village development programs and enhanced visibility on public platforms through their concerns and voices.

The number of SHGs stood at 172 and the membership at 1901 during the year under review. Loans from National Bank for Rural Development (NABARD) were mobilised and women beneficiaries were guided in commissioning small income-enhancing enterprises.

Key highlights

- A project on the formation and promotion of 50 SHGs under Self Help Promoting Institutions (SHPI) was sanctioned by NABARD with a plan to increase their number to 100.
- 47 SHGs were engaged in various micro businesses such as mushroom (oyster) cultivation, tamarind processing, flour mills etc. cultivation and tamarind processing to flour mills.
- Unsecured loans of over Rs 113.91 lac were mobilised from banks and Odisha Livelihood Mission (OLM).
- Additional earnings per member increased by 25% to Rs 2500 per month
- Group-based enterprises and a producers' group on goatery were formed. The products were developed, marketed and sold by Odisha Rural Development and Marketing Society (ORMAS), NABARD, Agriculture and Livestock Development Committees and Ministry of Micro, Small and Medium Enterprises (MSME) through exhibitions and other interactive platforms.
- Nine SHGs commissioned group-based enterprises, the popular ones being hill broom binding, mushroom cultivation, goat farming and setting up of flour mills.
- Goatery Producers Group was owned and managed by rural women, providing access to infrastructure, capacity building, mentoring and market access. The Group emerged as one of the most effective platforms for economic emancipation through collective efforts. The group comprised 61 members owning 250 goats with an enterprise value of Rs 25 lac at the close of 2017-18.

Farmers

The primary source of income for people in project settings was farming. The Company and Government agencies made planned interventions to enhance farm incomes through awareness programs related to the use and benefits of advanced scientific and new farming technologies.

Livestock remained a major rural livelihood source. Sparsh, the implementing NGO for the Company, in collaboration with the Mobile Veterinary Unit, organised training camps in Integrated Livestock Management, vaccination and de-worming. Vitamin A was provided to all small ruminants, moderating livestock mortality.

Key highlights

- 29 farmer clubs were formed with 734 farmer members.
- Crop-specific training on kharif and rabi crops was imparted with NABARD's support.
- Cropping area more than doubled to 179.5 acres.
- Farm income increased from Rs 45,000 to Rs 100,000-plus.
- 24 crops (lemongrass, sweet-corn and arhar) were introduced.
- Livestock healthcare costs declined substantially.

Youth

The Company strengthened skill and entrepreneur development in line with national objectives. Several skill development programs and entrepreneurship initiatives commenced in Rayagada and Songarh, comprising training initiatives in tailoring, driving, mobile shop repair and MSME commissioning.

Some features of these initiatives:

- Demand generation for government programs such as MUDRA and OLM, youth mobilisation and mentoring activities.
- 554 youth from marginalised communities (SC and ST) were mobilised after an assessment of their skill sets against prevailing market conditions while suitable micro enterprises were commissioned.
- Most of the youth opted for entrepreneurship models that revolved around the commissioning of grocery shops, setting up tiffin and fast food centres, tailoring units, cycling marts, mobile repair shops, mobile vending for spices and mobile vending for fancy items. Earnings per entrepreneur ranged between Rs 6000 and Rs 12000 per month.
- Given the need for vehicle drivers, light motor vehicle driving training was imparted and the beneficiaries connected to the service seekers. Some beneficiaries procured loans to buy their vehicles and launch a private taxi service.
- For adolescent girls, training was imparted with the objective to commission tailoring units. Soft loans

Snapshot

- The Company continued to address the needs of neighbouring communities through interventions related to sustainable livelihoods
- The Company continued to focus on education and illiteracy eradication among children youth and adults
- The Company conducted medical camps with the objective to enhance health in neighbouring villages.

were selectively provided to commission downstream ventures.

- Adolescent girls in 12 Rayagada villages were provided training to commission tailoring units. About 40 girls benefitted, generating monthly earnings of around Rs 7000 per month.
- Two ventures Nabin Tailors and Dilip Satellite Laboratory were commissioned, funded by loans of Rs 20,000 under the MUDRA Yojana. Following successful launch, they were provided with loans of Rs 50,000 for expansion.

JK Paper-BYST partnership

The Company signed an MoU with Bharat Yuva Shakti Trust (BYST) to create 130 entrepreneurs and 3000 direct jobs over a period of three years in district Rayagada, Odisha. This activity that began in September 2017 covered 3943 youth, counseled 770 and trained 208 youth. Thirty new ventures were commissioned; loans of Rs 47.53 lac were disbursed. The Company provided Rs 2.25 crore to support this program.

Education

- **School education:** The Company is imparting quality eduction at the primary, secondary and tertiary levels through three schools in Raygada (Odisha) and Songadh (Gujarat), addressing weaker sections.
- **Adult education:** In response to the low literacy rate, an adult education program was launched a decade ago. This enhanced literacy across more than 12,600 individuals, growing from two community-based centres to 25.
- **Remedial education:** The project addressed challenges faced by slow learners by extending supplementary tutorial support to fourth and fifth standard students weak in English, Science and Mathematics.
- **Nutan Gyanvardhini:** The Company (in collaboration with the district administration) launched Nutan Gyanvardhini, a special school for the educational rehabilitation of children with special needs. The school's 30 students hail from Rayagada and Kolnora blocks. Vocational training helped rehabilitate these children. Regular meetings with the parents helped assess the development. The children are provided a nutritious breakfast and lunch daily and brought into the school and taken back to their homes in escorted buses. General health checkup camps were organised twice a month.

Healthcare

The Company's health programs address specific community concerns while enhancing awareness of personal hygiene and good health practices. The Company is working to improve access to healthcare facilities in the following areas:

- Adolescent and women's health: The Company provides handholding support through dedicated platforms like Balika Mandals to adolescent girls on basic life skills (personal hygiene,

reproductive and sexual health practices). Most project areas have high maternal and neonatal mortality rate; home deliveries are common and anemia is a chronic concern.

Key highlights

- 16 programs related to adolescent reproductive and sexual health were organised, covering 356 beneficiaries.
- Regular home visits were made by community facilitators to 25 villages covering 2164 beneficiaries
- Birth registrations were completed in 25 villages for 204 beneficiaries
- Complete immunisation was done in 25 villages for 987 beneficiaries
- 17 programs were organised for generating health awareness in pregnant and lactating mothers, covering 413 beneficiaries
- Institutional maternal deliveries increased by 92% and compliance of immunisation reached 100%.
- Regular sessions on awareness and sensitisation in neo-natal care and child health were organised, covering 60 beneficiaries.
- The JK Center for Tribal Eye Health (in partnership with the LVPEi eye hospital) screened over 21,977 cataract patients and performed more than 2200 surgeries. Its outreach program targets 100,000 individuals a year. Project Roshini was launched with JK Centre for tribal health care in Rayagada with the objective to enhance eye health and eradicate rural cataract incidence. Free cataract surgery, including medicine, stay, food and logistics, was provided through this project. Out of 869 patients, 326 were screened for cataract and surgeries conducted in 21 villages.

Infrastructure & rural development

The pace of infrastructure development is a crucial measure of how a community is able to access services and enhance productivity. Basic infrastructure projects like the building of crematoria, village approach roads and overhead water tanks were taken up.

Awards and recognitions

The CSR initiatives of JK Paper were recognised through awards and certificates of commendation comprising the following:

- Best performance award at the Krushi and Pranisampad Mahostav by the Rayagada district administration.
- Best performance award on CSR by the National Board of Workers Education & Development.
- The Federation of Indian Chambers of Commerce and Industry (FICCI) appreciation certificate for being a socially responsible corporate.
- The Odisha CSR Forum acknowledged Sparsh's work by presenting the CSR Excellence award for sustainable livelihoods.

Management discussion and analysis

1. Global economic overview

Global economy is on a rebound, with a growth of 3.8% in 2017, the fastest and the most broad-based synchronised growth in almost a decade. The uptick in the US continued, along with fast pace of expansion in Eurozone since 2007. Japan posted its longest growth streak, best since the 1980s. The UK economy defied the Brexit gloom with much better performance than previously expected. This was accompanied by a late revival in China and improving growth, prospects in other emerging economies. However, this upbeat global landscape is fraught with the downside risk of rising oil prices, already up by about 14% to over US$75 per barrel so far in 2018 and the highest since November 2014. The jury is out on how much of this is due to induced supply cuts or rising demand, which, in turn, would reflect in improving global growth. But irrespective of the source, this would be a drag on growth particularly for the emerging world that is heavily dependent on crude oil imports, including China/ India. Higher oil prices leading to higher inflation, would drag household incomes and consumer spending. The oil exporting nations would benefit, but would not be enough to offset the drag elsewhere. Higher oil bills could worsen the Current Account balance and make emerging economies more vulnerable to a hike in interest rates, leading to capital flight. This, along with the threat of rising inflation (besides oil, there is also an upswing in the global commodity cycle) would put central banks across the world, led by the US Federal Reserve, so long pursuing accommodative monetary policies, to turn hawkish, a move that might cause turbulence in emerging markets. This, in turn, could have an adverse impact on growth. Besides the rumblings of trade wars, particularly between the US and China, could blemish this early euphoria of growth optimism. There are concerns too over rising global debt, threatening financial stability as higher interest rates would test the ability of borrowers to refinance their debt. This is all the more relevant for the emerging world, where the scope for expansionary fiscal space is limited. Global growth is expected to remain high at 3.9% for 2018 and 2019, as advanced economies are showing resilience alongside a pick-up in emerging nations. But this growth momentum could moderate as the underlying fundamentals lose steam.

2. Indian economic overview

After registering GDP growth of 8.2% in 2015-16, growth was sub-par for the next two years, at 7.1% and 6.7% respectively, interrupted by the twin impacts of demonetisation and GST rollout. But growth is gradually recuperating to a respectable 7.5% in the current fiscal, led by a revival in the rural economy mainly through focused-policy driven approach by the government, forecasts of normal monsoon, higher public spending on rural and labour-intensive infrastructure, besides a continued thrust on reforms to improve the ease of doing business in the country. This is mainly evident through the normalisation of GST after initial teething problems and sustained efforts to resolve the NPA problem (through the Insolvency and Bankruptcy Code). Moreover, a synchronised global growth upturn could provide a boost. The growth momentum is likely to accelerate to 7.8% in 2019-20 as private consumption and services are expected to increase economic activity. Private investment is expected to revive as the corporate sector adjusts itself to the GST regime. The recapitalisation package for public sector banks announced by the Government of India, coupled with the ongoing process of resolution of stressed assets is expected to revive banking sector, enhance credit availability and spur investment. However the faster-than-expected rate increases by central banks, coupled with prospects of higher inflation could prompt RBI to go for rate hikes. The NPA overhang over banks meant limited rate cut transmission by them. Besides, the likely flare-ups in trade policies and rising crude oil prices are potential drags on the macro economy and could pose immediate risks to India's prospects. But the fact remains that domestic demand remains strong and government's focus on financial inclusion, rural economy and agriculture have provided a much-needed boost. This is evident in the latest sectoral results, showing an uptick in volume growth and profits. The surge is led by higher automobile sales, buoyancy in FMCG and other consumer goods sectors. This robust demand outlook and rising consumerism bodes well for the Indian paper industry, which is expected to maintain its growth momentum across the near future.

3. Global paper and packaging board industry

Global paper output increased to 410 million tonnes in 2017 a new high. Packaging boards and industrial kraft papers accounted for the largest share (57%). The Asia Pacific region turned out to be the largest manufacturer of paper and paperboard products (48%) followed by North America and Western Europe. China was the largest market in terms of value while Brazil and India are forecast to report the fastest growth at CAGRs of 7.1% and 6.9%, respectively between 2017 and 2022. International hardwood pulp prices rallied and touched around US$800 per metric tonne, mainly due to supply disruption as pulp mills in Indonesia and Brazil, experienced lower production due

6.7

(%)

India's GDP in 2017-18.

to environmental concerns as well as maintenance shutdowns. International prices of pulp and paper have risen, with merchants in the UK increasing prices of uncoated paper by 5-7%. Pulp prices have risen by £70-80 per tonne in the UK. The global paper and packaging board market is projected to reach US$ 321.4 billion in 2024, growing at a CAGR of 4.82 %. and gross output of pulp and paper is poised to increase by 1.4%, catalysed by incremental demand coming in from the mass retail and e-commerce packaging segments. The Asia Pacific region is expected to account for 34% of the revenues of the global paper and packaging market by 2024.

4. Indian paper industry

4.1 Overview

The Indian paper industry accounts for a 4% share of the total global paper output with an estimated turnover of Rs 60,000 crore. India emerged as the fastest growing market. Over the last few years, the per capita paper consumption in India has grown from 11 kilograms in FY2014-15 to 13 kilograms in FY2017-18, an appreciable increase catalysed by a growth in income, literacy and aspiration levels. The Indian paper industry provides employment to over 400,000 and 1.5 million people directly and indirectly, respectively. The sector is mostly fragmented in nature with over 750 paper mills jostling for market share with only 50 mills possessing a capacity greater than 50,000 tonnes per annum. Approximately 72% of the total installed capacity in India is concentrated in Andhra Pradesh, Gujarat, Odisha, Karnataka, Maharashtra and West Bengal. India produces diverse varieties of paper - from printing and writing grades to packaging boards to coated and specialty papers. Printing and writing paper demand was estimated at about 4.6 million tonnes, growing at about 5% per annum. Packaging board is in high demand with an average annual growth rate of 13-15% from growing end-use industries including pharmacy, food, garments, and consumer goods. Containerboard is the most fragmented category, with the top 10 producers representing only 35% of total capacity. Tissue accounts for less than 1% of the total paper production in India compared to about 8.2% globally. The Indian paper industry bears the brunt of high wood and imported pulp prices, due to land use policies and restrictions on corporate farming.

4.2 Indian paper industry outlook

During 2017-18, capacities close to 3 lac tonnes per annum were shut down in China due to lack of environmental compliance. Indian manufacturers using waste paper stand to benefit on account of lower global waste paper prices due to excess availability. The Indian paper industry is expected to emerge as the fastest-growing paper market, growing at a rate of about 7% per annum. Several Indian manufacturers have achieved high levels of operational efficiency but raw material availability continues to be a challenge. Despite the continual focus on digitisation, India's requirement for paper is anticipated to rise by 53% over the next six years, principally due to a sustained increase in the number of school-going children in rural areas. Growing consumerism, modern retail, rising literacy and exponential enlargement of the e-commerce segment will continue to keep the demand for writing and printing paper and packaging board buoyant. From a demand point of view, each kilogram of incremental per capita utilisation will result in an additional demand of more than 1 million metric tonnes per annum. The writing and printing paper segment is expected to hold on to its healthy operating margins.

4.3 The GST impact

On July 1, 2017 the Central Government launched the GST, which replaced all taxes on manufacture, sale and consumption of goods and services across the country. Billed as the biggest tax reform ever, GST was aimed at making India a unified market, bringing down trade barriers and simplifying movement of goods across states. By and large, paper manufacturers were satisfied with the GST rates on the output side. However, the rates on raw material and inputs led to some blockage of working capital, especially for smaller players. In the days approaching the changeover to the GST regime, many paper dealers put orders on hold as there was a lack of clarity about the treatment of stocks and in-transit inventories. Barring some short-term transitional and implementation issues, key sectoral players expect policy makers to expeditiously address these issues and make the transition smooth. The newly-introduced GST rates would not result in any profitability appreciation directly for the industry as it falls under the 12% tax slab, more or less equivalent to the taxes that industry used to pay earlier. In the medium-term, the cost competitiveness of the paper industry should improve with unification of the fragmented domestic market and reduction in costs associated with inventories and logistics, especially arising from the unrestricted movement of goods between states. Under the GST regime, informal and cash transactions are expected to significantly go down in the paper industry, like in other industries, as the incentive to stay outside the system has been curbed to a large extent. In terms of the geographical spread of sales for the manufacturers, there would be realignments since the home state would no longer enjoy the advantage of nil CST.

4.4 Demand drivers

- **Improving literacy:** India seeks to improve its literacy rate from 70% to 90%, which should accelerate the demand for writing and printing paper.
- **Downstream demand:** Demand from FMCG, electronics, pharmaceuticals and ready-to-eat foods sector are driving the use of paper, paperboards and packaging materials. Despite steps towards going paperless being undertaken, paper serves as the most reliable backup option for banks, insurance companies and hospitals.
- **Rising incomes:** In the last decade, the Indian economy has grown attractively, marked by an increase in per capita incomes from Rs 73,476 in FY2012-13 to Rs 119,296 in FY2017-18 at a CAGR of 10.2%, catalysing aspirations and consumption levels.
- **Hygiene and sanitation:** The hygiene products market has seen an explosive growth in recent years. People these days are concerned about how ethical and safe a product is, driving up sales of eco-friendly and natural products.

4.5 Challenges

- **Access to quality raw materials:** India is a fibre-deficient country as the Government of India does not permit industrial plantations in the country and inadequate raw material availability domestically is a major constraint for the paper industry. Additionally, the recovery rate of waste paper in India is low (around 50%) due to the absence of an effective collection mechanism. With the availability of quality raw material at competitive prices emerging as a challenge, players depend on imported pulp and wastepaper to address their raw material needs and often pay a premium to access them, impacting profitability and prospective capacity addition. In light of this, the Central Government drafted a new National Forest Policy, which will allow the corporate sector to grow, harvest and sell trees on government-owned degraded forestland. This policy will catalyse the business of downstream industries, especially paper and paperboard.
- **Import competition:** Imports account for over 20% of the paper consumption in India. The superior quality and lower prices of imported paper dent the competitiveness of domestic paper manufacturers. Paper from other ASEAN countries is produced from raw wood, which is available at considerably cheaper prices compared to India. Cheaper imports from surplus countries like Indonesia and China, have been a major concern for local players in India. On account of this, the domestic industry has faced challenges in terms of pricing. An anti-dumping probe into the cheap import of uncoated paper from Indonesia, Thailand and Singapore, initiated by the Government as the Directorate General of Anti-Dumping and Allied Duties, found sufficient *prima facie* evidence of dumping of uncoated paper.
- **Technological obsolescence:** The Indian paper industry is largely fragmented and prone to using outdated technologies. Resultantly, it is estimated that both the raw material as well as the power consumption are higher compared to a competing global mill. Adoption of new technology by domestic paper producers could enhance competitiveness in critical areas, including increase in productivity, quality improvement at reduced costs, energy efficiency and compliance with environmental safeguards.

5. Markets and strategy

The Company has carved out a niche for itself by consistently addressing existing and emerging needs by manufacturing and marketing premium customised products.

5.1 Copier and office papers

The Company offers a range of office papers (economy to premium grades) including photocopying and multipurpose papers used in desktop, inkjet and laser printers, fax machines and multifunctional devices. The premium water-marked paper varieties manufactured by the Company also address the incipient needs of corporates and students.

119,296

(In Rs)

India's per capita disposable income in 2017-18.

Strengths

- **Brand:** The quality of the branded copier paper manufactured at the Company's Unit JKPM is respected in the domestic and international markets (the Middle East and the US). The Company's flagship brand, JK Copier, is the largest-selling copier brand in Sri Lanka.
- **Quality:** The Company's commitment towards customer satisfaction is derived from its ability to address the needs of a diverse range of customers (large and small) via a robust distribution network.
- **Technology:** The Company invested in cutting-edge technologies that reinforced its pioneering reputation in the Indian paper industry. The Company became the first in India to produce and market ColorLok® copier paper. The Company's exclusive arrangement with Hewlett-Packard provides world-class printing paper to demanding Indian customers.

Highlights, FY2017-18

- Achieved its highest export volume of about 48,000 metric tonnes
- Maintained a market share of around 23% in the copier paper segment
- Leveraged channel expansion and strategic positioning related to the copier range, making it possible to perform commendably across markets and price segments, import threats and other challenges notwithstanding
- Launched two SKUs — 100-sheet packs of JK Evervite, JK Copier and JK Sparkle in the A5 size, strengthening brand recall

5.2 Packaging boards

The rapid growth of e-commerce—pegged to grow from US$ 38.5 billion in 2017 and expected to grow at 18% annually — is providing India's packaging board segment with an attractive launchpad. The paper packaging industry reached around 9.8 million tonnes per annum in terms of size by end-2017. The premium segment of virgin fibre packaging boards (where the Company is present) is expected to grow at a CAGR of 12% over the next five years.

The Indian packaging boards segment is catalysed by growing urbanisation and a growing middle-class. These realities are expected to drive demand for new packaging formats (across different sizes, materials and strength). Besides, organised retail and e-commerce could lead to the growth of the food and beverage industries, strengthening offtake for packaging products. Innovations like the development of lighter packaging with superior barrier properties could sustain the double-digit growth rate of the packaging industry. Additionally the growth in demand from processed foods, food grains, and pharmaceutical sectors bode well for the Company. Besides, with traditional sectors no longer focusing on packaging and investing in innovative applications, the market for paperboards has widened.

Strengths

- **Geography:** The Company's manufacturing presence in Gujarat is helping address the sizeable demand from Western India (41%).
- **Quality:** The Company is respected for its ability to develop new products revolving around the highest quality standards.

5.3 Coated papers

The Company maintained its sectoral leadership through the identification of new downstream segments, customised solutions, on-time delivery and after-sales service. Consequently, JK Cote continues to be a a popular choice among discerning customers. The Company has an installed capacity of 54,000 metric tonnes per annum to address growing customer needs. The complement of prudent outsourcing made it possible for the Company to offer a wider range of products.

5.4 Maplitho and specialty papers

The Company offers a range of uncoated writing and printing paper addressing varied needs. In addition to the popular JK SHB Maplitho, the Company offered MICR cheque paper and high-end varieties like JK Excel Bond, ledger and parchment grades. The Company added maplitho finishing capability (reeling and sheeting), guaranteeing on-time availability of customised products. The Company extended into niche segments through the JK Fab Print brand that addressed fabric printing. JK Paper enhanced consumer engagement through quality products, customised varieties and specialised sizes.

5.5 Branding and distribution

The Company recognised that continuing success in the industry needs to be derived through wider and deeper marketplace access. The Company enjoyed strong ties with 208 wholesalers and over 4,000 dealers and has 16 depots in its network. The proportion of non-metro wholesalers stood at 70%, making it possible for the Company's products to be distributed pan-India, especially across the relatively under-penetrated suburban and rural markets. The Company engaged in a number of initiatives to enhance social media visibility.

Strengths

- **Brand:** The Company is the only leading Indian manufacturer present in all paper categories – copier, packaging boards, coated and maplitho, enhancing dealer wallet share and strengthening a one-stop consumer convenience
- **Network:** The Company continued to strengthen its distribution network, making it possible to address demand upturn with speed
- **Service:** The Company is respected for its responsive complaints redressal.
- **Relationships:** The Company's high employee retention translated into consistent and stable relationships with trade partners.
- **Stocking:** The Company increased the number of pan-India warehouses from 7 to 16 in just four years, making it possible to service last mile demand with increased speed.

6. Functions

6.1 Raw material management

Wood cost accounts for the largest component of the input cost in virgin fibre-based pulp and paper operations. Over the years, Indian paper companies have progressively encouraged farmers to invest in proximate wood plantations. JK Paper's plantation initiatives have been at the forefront and have been replicated by several other paper companies. Companies benefit from easy access to wood while farmers benefit from superior realisations, quicker receivables and assured offtake besides greening India and increasing forest cover. Earlier, JK Paper sourced wood from as far as Uttar Pradesh; this resulted in a high delivered cost of raw material. JK Paper has now developed plantations owing to its farm forestry efforts for eucalyptus, subabul and casuarina within a 200-kilometre radius of its mills. These efforts resulted in cumulative plantation footprint spanning more than 1.5 lac hectares across in Gujarat, Maharashtra, Chhattisgarh, Odisha and Andhra Pradesh, strengthening industry-induced social farm forestry output. The Company's farm forestry initiative is a serious expression of its environmental responsibility on the one hand and resource security commitment on the other. This commitment was reinforced through various initiatives: planting of more trees than were consumed, investment in R&D that helped develop short-rotation clones to enhance plantation yields, training of farmers to improve productivity and assisting farmers seeking loans for plantation reinvestment. The Company intends to source its entire supply from proximate locations, strengthening community incomes and goodwill.

6.1.1 Afforestation

The Company consistently deepened social farm forestry investments in the areas of its presence. As of 31st March 2018, more than 1.5 lac hectares across Odisha, Andhra Pradesh, Chhattisgarh, Gujarat, Maharashtra and West Bengal had been planted with trees. The Company added annually to its farm forestry footprint, distributing more than 40 million saplings among farmers. The farm forestry initiative, first undertaken in 1990, since strengthened incomes across more than 45,000 farmers. The Company signed an Emission Reduction Purchase Agreement (ERPA) with the Bio Carbon Fund of the World Bank, covering 3,500 hectares and benefiting marginal farmers. This initiative provided income-enhancing opportunities for farmers and reduced greenhouse gas release. The complement of superior technologies, process innovation and recycling/reusing empowered the Company to shrink its carbon footprint.

As an extension of this commitment, the Company moderated wastewater discharge, reduced freshwater consumption and effluent generation per metric tonne of paper, reinforcing its respect as a responsible corporate citizen.

6.2 Health safety and environment

Over the years, the Company optimised the consumption of chemicals, power and water per tonne of paper manufactured. The Company's manufacturing facilities are ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007-certified. Occupational health and safety criteria have been complied with through periodic safety audits. The installation of a 3,000-cubic-metre-per-day capacity sewage treatment plant made it possible for the Company to monitor effluents generation in the Jaykaypur area. The Company operationalised an online monitoring system to assess real-time air quality, flue gas quality and treated effluents quality, transmitting the data to servers of the State and Central Pollution Control Boards. The use of treated effluent water for irrigation purposes covered a large number of farmers and additional acreage during the fiscal gone by. A recharging-cum-rainwater-harvesting system and solar heaters were installed in the hinterland of the Company's mills, highlighting the Company's eco-friendliness. To improve living standards in proximate communities, the Company undertook several initiatives in the areas of education, livelihood and healthcare.

260

(Rs crore)

The Company's net profit in 2017-18.

6.3 Financial review

Financial highlights (Rs crore)

	2017-18	2016-17
Gross sales	3,069.68	2,989.37
Net sales	2,826.25	2736.83
Profit before interest and depreciation and tax (PBIDT)	639.10	538.88
Profit before depreciation and tax (PBDT)	496.08	351.24
Profit before tax (PBT)	375.19	231.71
Profit after tax (PAT)	260.14	162.83

The Company reported a 2.7% growth in net revenues to Rs 3,070 crore and an 18.6% increase in EBIDTA to Rs 639 crore and a 59.8% increase in profit after tax to Rs 260 crore. The Company's long-term debt stood at Rs 1,234 crore (following Rs 460 crore in debt repayment in FY2017-18). During the year, the Company's operational improvement efforts helped improve credit rating by Crisil from A/Stable to A/Positive. During the year, the Company repaid high-cost debt and negotiated further with banks to reduce the interest rate on rupee term loans and working capital borrowings. Looking at the current tightening of the interest rate scenario, the Company increased/converted its variable rate borrowings to fixed rate borrowings to 51% from 33% to de-risk the debt portfolio from increasing interest rates. Effective working capital management helped moderate working capital borrowings and receivables (from 15 days in the previous year to 14 days). The Company addressed its foreign currency loans/revenue exposure through appropriate hedging options (IRS, CCS, forward, options and call spread structures). The Company strengthened its investor engagement through quarterly investor calls and participation in investor/analyst engagements, facilitating a better understanding of the paper industry.

6.4 Risk management

The paper industry is marked by long gestation periods during commissioning

Mitigation: JK Paper commissioned state-of-the-art equipment to ensure timely commissioning and qualitative consistency as well as lower operating costs.

With rapid digitisation, paper demand could decline

Mitigation: Digitisation could affect paper consumption but in turn could accelerate economic growth that could translate into enhanced paper consumption. The Company has maintained its sectoral leadership by being constantly innovative. As a means to this end, it has been laying a keen emphasis on the packaging paper segment.

Non-compliance with statutory norms could invite censure

Mitigation: Investment in cutting-edge technologies has enabled the Company to reduce the consumption of wood fibre, chemicals, power and water. Both production units are ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007-certified. Moreover, the Company installed a sewage treatment plant to counter pollution. The Company enriches green cover through its social farm forestry drive.

Raw material scarcity can affect output

Mitigation: The main raw material for pulp is wood. It invested in farm forestry initiatives in Odisha, Andhra Pradesh, Chhattisgarh, Gujarat, Maharashtra and Bengal, cumulatively covering over 1.5 lac hectares.

Growing import levels could stymie growth

Mitigation: The Company's technological expertise, scale and marketing focus strengthened its competitiveness against imports.

Excessive water use can affect resource security in areas proximate to mills

Mitigation: Water consumption per tonne at the Company's mills almost halved following the deployment of conservation measures and low water-use technology. The Company is recycling treated effluent water for free irrigation supply in the catchment area.

6.5 Human resources

The Company believes that its biggest strength lies in its employees. The Company provided competitive compensation, amicable workplace and performance recognition, creating a holistic environment for every employee to realise his or her potential. The Company engaged in prudent recruitment around attitude and aptitude. It encouraged individuals in extending beyond the scope of their work and undertakes voluntary projects to accelerate their learning. In line with the 'customer first' priority, the Company launched the e-Gyan@JK initiative. As a part of this initiative, employees were empowered to log onto egyan-jk.skillport.com, a user-friendly, intuitive, and mobile-ready portal to enhance their professional competencies, fulfill development plans and collaborate with colleagues. With e-Gyan@JK, employees can access a vast database of content and courses covering a variety of subjects—from technical topics to software application instructions to business skills development methods. During the year under review, the Company's HR department commenced the Pushing Boundaries – Outbound workshop with the objective to:

- Align employees deeper with its vision, mission and values
- Empower the marketing and sales teams to strengthen competencies and future-readiness
- Enhance productivity and boost intra-organisational synergies, committing to the 'customer first' agenda in 2018

The workshop attended by 75 participants from the marketing and sales departments, strengthened camaraderie and brightened prospects of future outperformance.

6.6 Internal control systems and their adequacy

The internal control framework is designed to ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information and other data. This system is supplemented by internal audit, reviews by the management and documented policies, guidelines and procedures. The Company has a well-defined organisation structure, authority levels, internal rules and guidelines for conducting the business transactions. A third party audit firm carries out the internal audit of the Company operations and reports its finding to the Audit Committee. The Company strives to undertake sustainable measures as necessary in line with its intent to adhere to procedures, guidelines and regulations in a transparent manner. Internal Audit is carried out as per a risk based internal audit plan which is reviewed by the Audit Committee of the Company. The Committee periodically reviews the findings and suggestions for the improvement and is apprised on the implementation status in respect to the actionable items.

7. Disclaimer

Statements in Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operation include among others, economic conditions affecting demand/supply and price conditions, variation in prices of raw materials, changes in Government regulations, tax regimes, economic developments and other incidental factors.

Directors' Report

To the Members,

The Directors have pleasure in presenting the 57th Annual Report alongwith Audited Financial Statements of the Company for the financial year ended 31st March, 2018.

FINANCIAL RESULTS

Rs in Crore (10 million)

	2017-18	2016-17
Gross Sales	3,069.68	2,989.37
Profit Before Finance Costs and Depreciation (PBIDT)	639.10	538.88
Profit before Depreciation and Tax (PBDT)	496.08	351.24
Profit After Tax (PAT)	260.14	162.83

DIVIDEND

In view of better financial results, the Directors are pleased to recommend an enhanced Dividend of Rs. 2.50 per share (Rs. 1.50 previous year) on the expanded Equity Share Capital. The Dividend outgo would amount to Rs. 53.72 crore (inclusive of Dividend Distribution Tax of Rs 9.16 crore).

APPROPRIATIONS

The amount available for appropriation, including surplus from the year stood at Rs. 726.44 crore. The Directors propose this to be appropriated as under:

(Rs crore)

General Reserve	125.00
Dividend (2016-17)	24.51
Corporate Dividend Tax	4.99
Surplus carried to Balance Sheet	571.94

PERFORMANCE REVIEW

The Company recorded its highest ever Turnover of Rs 3069.68 crore during the year with highest ever sales volumes of 5.02 Lacs MT. Capacity utilization for the Year stood at 105.1% compared to 103.4% in the previous year. The Company's continued thrust on expanding geographical reach of its products, strengthening the distribution network and responding to the market needs by introduction of new products have continued to reap benefits. During the year the company focused on further optimizing utilization and operating parameters at Unit JKPM which led to notable improvement in EBIDTA margins. The Company's continued thrust on plantation activity in the vicinity of its Plants continues to bear fruit, with a greater proportion of the requirement being met out of material sourced from shorter distances reducing the overall delivered costs at the mills. Exports accounted for 48,313 MT as against 42,577 MT in the Previous Year.

With better operating efficiencies, softer input prices and better realisations from the market, the Company improved its margins. Accordingly, EBIDTA was at Rs 639.10 crore against the previous year at Rs. 538.88 crore. Further, finance cost has also come down due to rating upgrade of the Company, lower net debts and improvement in working capital efficiency. The Company's Profit Before Tax was considerably up at Rs. 375.19 crore compared to a Rs 231.71 crore and Net Profit for the year was Rs 260.14 crore against Rs 162.83 crore during previous year. Operations, performance and industry scenario are discussed in more detail in the Management discussion and analysis section.

CONVERSION OF FCCBs

During the year under review, Euro 17.1 million FCCBs were converted resulting in increase in paid up Equity Capital of the Company from Rs 155.96 crore to Rs 175.50 crore. Since then, all the remaining FCCBs (Euro 2.4 million) have been converted enhancing the Equity Share Capital to Rs.178.24 crore.

AWARDS AND RECOGNITION

Our commitment towards Safety & Environment, Quality & Operational Excellence and HR practices continue to garner appreciation from various industry chambers and social bodies. Some of the accolades and awards received during the year are as follows:

a. EVP (Works) at Unit JKPM bagged Mill Manager Award by Pulp and Paper International (PPI), Belgium 2017.

b. At the 18th National Award for Excellence in Energy Management- 2017 Unit JKPM was awarded as "Excellent Energy Efficient Unit".

c. The CII TPM Club of India awarded a TPM Recognition Certificate to Unit JKPM for Strong TPM Commitment.

d. Both Unit JKPM & Unit CPM bagged The "Significant Achievement in HR Excellence" CII HR Excellence Award 2017.

e. Unit JKPM was awarded a certificate of appreciation along with a Plaque at FICCI CSR Award 2017.

f. Unit JKPM bagged First Prize in Technical Paper & Case Study contest at National Conference of "Society of Power & Energy Professionals (SOPEP)- 2017".

g. Unit JKPM also bagged over 5 recognitions at the State Safety Award organised by Directorate of Factories and Boilers Odisha; including ones in Best performance in Safety, Health and Environment and Lowest Weighted Frequency Rate of Accidents.

h. Unit CPM was conferred CII National HR Excellence Award -2017 under "Significant Achievement Category.

INDUSTRIAL RELATIONS

Industrial relations at our plants continued to remain peaceful and cordial throughout the year. Our continuous dialogue with the union and workers representatives to improve the industrial harmony and to create a positive work environment helped us to sign the Long Term Settlement for our contract labour and Bonus agreement for the year peacefully. By introducing various new work practices along with automation, we have succeeded in boosting manpower productivity. We acknowledge the continued support and cooperation of our employees.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as on 31st March 2018 in the prescribed form MGT -9 is attached as Annexure-1 to this Report and forms part of it.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or securities and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the financial statements.

The Company has not made any provision during the financial year 2017-18 for the purchase of, or subscription for, shares in the Company by trustees of JK Paper Employees' Welfare Trust, which was formed by the Company in the year 2004 for the welfare of the employees of the Company, for the shares to be held by or for the benefit of the employees of the company.

RELATED PARTY TRANSACTIONS

During the financial year ended 31st March 2018, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Further, the Company has not entered into any contract or arrangement or transaction with the Related Parties which could be considered material in accordance with the Policy of the Company on materiality of Related Party Transactions. In view of the above, disclosure in FORM AOC-2 is not applicable.

The Related Party Transaction Policy as approved by the Board is available on the website of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri Dhirendra Kumar retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

All the Independent Directors of the Company have given requisite declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and also Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There was no change in Managing Director, Whole-time Director, Chief Finance Officer and Company Secretary, collectively the Key Managerial Personnel, during the year under review.

INTERNAL CONTROL SYSTEM

The Company has a robust internal control mechanism in place with a Corporate Internal Audit team consisting of qualified professionals and system experts. In addition, services of external Audit firms and other specialized agencies are availed as part of the process to further strengthen the effectiveness. Regular internal audits are conducted covering all offices, factories and key areas of the business to review the internal control systems and compliance thereof, based on the annual audit plan approved by Audit Committee of the Board. The Audit committee periodically reviews the findings of the Audit team and discusses the actions taken with the management. In addition, a Compliance monitoring software tool is also in place to capture all applicable statutory compliances on line. The Company also has a set of documented Risk Control Matrices for all major functions and no material reportable weakness was observed in the system during the year. The Company follows a comprehensive Budgetary control system. Key performance goals are set for each of the Plants and Business lines. The performance against these goals is monitored and reviewed on a periodic basis and corrective actions as needed are initiated.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has been one of the foremost proponents of inclusive growth and has continued to undertake projects for overall development and welfare of the society in the fields of environment, conservation of natural resources, health, education, rural development and livelihood interventions etc.

The Company has a Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act 2013 and rules made there under. The contents of the CSR Policy are disclosed on the website of the Company.

Annual Report on the CSR activities undertaken by the Company during the financial year under review, in the prescribed format is annexed to this Report as Annexure-2.

AUDITORS

(a) Statutory Auditors and their Report

M/s Lodha & Co., Chartered Accountants, have been appointed as Auditors of the Company to hold office from the conclusion of the 56th Annual General Meeting (AGM) held in the year 2017 till the conclusion of 61st AGM of the Company to be held in the 2022, subject to ratification of the appointment by the members at the respective AGMs. However, the provision relating to ratification of such appointment by Members at every Annual General Meeting stands deleted w.e.f. 7th May 2018 by the Companies (Amendment) Act 2017 and accordingly the said ratification is henceforth not required. The observations of the Auditors in their report on Accounts and the Financial Statements, read with the relevant notes are self explanatory.

(b) Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors appointed Shri Namo Narain Agarwal, Company Secretary in Practice as Secretarial Auditor to carry out Secretarial Audit of the Company for the financial year 2017-18. The Report given by him for the said financial year in the prescribed format is annexed to this Report as Annexure-3. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

(c) Cost Auditor and Cost Audit Report

The Cost Audit for the financial year ended 31st March 2017 was conducted by M/s R.J. Goel & Co., Cost Accountants, Delhi and as required Cost Audit Report was duly filed with the Ministry of Corporate Affairs, Government of India. The Audit of the Cost Records for the financial year ended 31st March 2018, is being conducted by the said firm and the Report will also be filed with the Ministry of Corporate Affairs, Government of India.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

CONSERVATION OF ENERGY ETC.

The details as required under Section 134(3)(m) read with the Companies (Accounts) Rules, 2014 is annexed to this Report as Annexure-4 and forms part of it.

PARTICULARS OF REMUNERATION

Disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other requisite details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as Annexure-5. Further, Particulars of Employees pursuant to Rule 5(2) & (3) of the above Rules, form part of this Report. However, in terms of provisions of Section 136 of the said Act, the Report and Accounts are being sent to all the members of the Company and others entitled thereto, excluding the said particulars of employees. Any member interested in obtaining such particulars may write to the Company Secretary. The said information is available for inspection at the Registered Office of the Company during working hours.

CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the highest standards of corporate governance practices. Pursuant to Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made part of this Annual Report. The Corporate Governance Report which forms part of this Annual Report also covers the following:

a) Particulars of the four Board Meetings held during the financial year under review.

b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, inter alia, the criteria for performance evaluation of Directors.

c) The manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.

d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.

e) Details regarding Risk Management.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared by the Company in accordance with the applicable Accounting Standards. The Audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

A report on the performance and financial position of each of the subsidiaries & joint ventures included in the Consolidated Financial Statements is presented in a separate section in this Annual Report. Please refer to AOC-1 annexed to the Financial Statements in the Annual Report.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, Consolidated Financial Statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company.

DEPOSITS

Pursuant to the approval of members by means of a Special Resolution at the AGM held on 27th September 2014, the Company is accepting deposits from the public, in accordance with the provisions of the Companies Act, 2013 and rules thereunder.

The particulars in respect of the deposits covered under Chapter V of the said Act, for the financial year ended 31st March 2018 is annexed to this Report as Annexure-6.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) the accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis;

(e) the proper internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and

(f) the proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors acknowledge the continued support and cooperation received from the Central Government, State Governments, Shareholders, participating Financial Institutions and Banks, Customers, Dealers and Suppliers.

The Board wishes to record its highest appreciation of the total commitment, dedication and hard work, put in by every employee and member of the Team JK Paper.

On behalf of the Board of Directors

New Delhi	OP Goyal	Harsh Pati Singhania
Date : 14th May, 2018	Whole-time Director	Vice Chairman & Managing Director

Annexure 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2018

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L21010GJ1960PLC018099
2.	Registration Date	04.07.1960
3.	Name of the Company	JK Paper Limited
4.	Category/Sub-category of the Company	Public Company Limited by Shares/Non-Government Company
5.	Address of the Registered office & contact details	Registered office :- P. O. Central Pulp Mills – 394 660 Fort Songadh, District Tapi, Gujarat Ph.No. : 91-2624-220228/ 220278-80 | Fax No. : 91-2624-220138 Email ID:- sharesjkpaper@jkmail.com | Website: www.jkpaper.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of Registrar and Transfer Agent, if any.	M/s MCS Share Transfer Agent Limited F-65, 1st Floor, Okhla Industrial Area Phase – I, New Delhi -110 020 Ph. No. : 91-11- 41406149-50 | Fax No. : 91-11-41709881 Email ID : admin@mcsregistrars.com | Website: www.mcsregistrars.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

SI. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Paper and Paper board	1701	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SI. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Jaykaypur Infrastructure & Housing Ltd. JK Paper Mills, Jaykaypur – 765 017 Rayagada, Odisha	U45201OR2008PLC010523	Wholly Owned Subsidiary	100	2(87)
2	Songadh Infrastructure & Housing Ltd. P. O. Central Pulp Mills- 394660 Fort Songadh, Distt.Tapi, Gujarat	U45203GJ2009PLC055810	Wholly Owned Subsidiary	100	2(87)
3	JK Enviro-tech Ltd. P. O. Central Pulp Mills- 394660 Fort Songadh, Distt.Tapi, Gujarat	U73100GJ2007PLC075963	Wholly Owned Subsidiary	100	2(87)
4	JK Paper International (Singapore) Pte.Ltd. 10 JalanBesar, #10-03, Sim Lim Tower Singapore (208787)	Not Applicable	Wholly Owned Subsidiary	100	2(87)

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2017)				No. of Shares held at the end of the year (As on 31.03.2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters***									
(1)	Indian									
a)	Individual/ HUF	875000	0	875000	0.56	1406443	0	1406443	0.80	0.24
b)	Central Govt	0	0	0	0	0	0	0	0	0
c)	State Govt(s)	0	0	0	0	0	0	0	0	0
d)	Bodies Corp.	84883568	0	84883568	54.43	84883568	0	84883568	48.37	-6.06
e)	Banks / FI	0	0	0	0	0	0	0	0	0
f)	Any other	0	0	0	0	0	0	0	0	0
	Sub-total (A) (1)	**85758568**	**0**	**85758568**	**54.99**	**86290011**	**0**	**86290011**	**49.17**	**-5.82**
(2)	**Foreign**									
a)	NRI –Individuals	0	0	0	0	0	0	0	0	0
b)	Other –Individuals	0	0	0	0	0	0	0	0	0
c)	Bodies Corp.	0	0	0	0	0	0	0	0	0
d)	Banks / FI	0	0	0	0	0	0	0	0	0
e)	Any Other	0	0	0	0	0	0	0	0	0
	Sub-total(A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total shareholding of Promoter (A) = (A)(1) + (A)(2)*	**85758568**	**0**	**85758568**	**54.99**	**86290011**	**0**	**86290011**	**49.17**	**-5.82**
B.	**Public Shareholding**									
1.	**Institutions**									
a)	Mutual Funds	71831	0	71831	0.05	1830888	0	1830888	1.04	0.99
b)	Banks / FI	62160	0	62160	0.04	51276	0	51276	0.03	-0.01
c)	Central Govt	0	0	0	0	12021	0	12021	0.01	0.01
d)	State Govt(s)	0	0	0	0	0	0	0	0	0
e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
f)	Insurance Companies	4182805	0	4182805	2.68	1898342	0	1898342	1.08	-1.60
g)	FIIs	7389686	0	7389686	4.74	11624202	0	11624202	6.62	1.88
h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i)	Others									
	(i) International Finance Corporation	7690000	0	7690000	4.93	7690000	0	7690000	4.38	-0.55
	(ii)DEG- Deutsche Investitions- Und EntwicklungsgesellschaftMbh	2393735	0	2393735	1.53	0	0	0	0	-1.53

* The total shareholding of Promoters at (A) above includes 4,93,40,269 Equity Shares (31.64%) as on 1.4.2017, 4,98,71,712 Equity Shares (28.42%) as on 31.3.2018 and a change of 3.22% during the year pertaining to constituents of the Promoter Group as per SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009. The same does not form part of the Promoters as defined in the Companies Act, 2013.

Category of Shareholders		No. of Shares held at the beginning of the year (As on 01.04.2017)				No. of Shares held at the end of the year (As on 31.03.2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	(iii) Société De Promotion Et De Participation Pour La CoopérationEconomique	1942770	0	1942770	1.25	0	0	0	0	-1.25
	Sub-total (B)(1):-	**23732987**	**0**	**23732987**	**15.22**	**23106729**	**0**	**23106729**	**13.16**	**-2.06**
2.	**Non-Institutions**									
a)	Bodies Corp.									
	i) Indian	9243005	150	9243155	5.93	11445568	150	11445718	6.52	0.59
	ii) Overseas	0	0	0	0	0	0	0	0	0
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	11372461	38110	11410571	7.31	19970614	30449	20001063	11.40	4.09
	ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	15283597	4013500	19297097	12.37	21993115	4013500	26006615	14.82	2.45
c)	Others									
	(i) Trust and Foundation	1243958	0	1243958	0.80	1259878	0	1259878	0.72	-0.08
	(ii) Non Resident Individuals	2475529	297000	2772529	1.78	4583836	297000	4880836	2.78	1.00
	(iii) OCB	2500000	0	2500000	1.60	2500000	0	2500000	1.42	-0.18
	(iv) Societies	0	0	0	0	10000	0	10000	0.01	0.01
	Sub-total (B)(2):-	**42118550**	**4348760**	**46467310**	**29.79**	**61763011**	**4341099**	**66104110**	**37.67**	**7.88**
	Total Public Shareholding (B)=(B)(1)+ (B)(2)	**65851537**	**4348760**	**70200297**	**45.01**	**84869740**	**4341099**	**89210839**	**50.83**	**5.82**
C.	**Shares held by Custodian for GDRs & ADRs**	0	0	0	0	0	0	0	0	0
	Grand Total (A+B+C)	**151610105**	**4348760**	**155958865**	**100**	**171159751**	**4341099**	**175500850**	**100**	**0**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April 2017)			Shareholding at the end of the year (as on 31st March 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Bengal & Assam Company Ltd.	36418299	23.35	-	36418299	20.75	-	-2.60
	Total	36418299	23.35	-	36418299	20.75	-	

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year (as on 1st April 2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Bengal & Assam Company Ltd.**				
	At the beginning of the year	36418299	23.35	36418299	23.35
	Change in Promoter's Shareholding	No Change			
	At the end of the year i.e., 31.03.2018.			36418299	20.75

(iv) Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year (1st April 2017)		Cumulative Shareholding at the end of the year (31st March 2018)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	BMF Investments Limited	30089797	19.29	30089797	17.15
2	Florence Investech Limited	11833332	7.59	11833332	6.74
3	P.K. Khaitan jointly with S.K. Somany-Trustees, JK Paper Employees Welfare Trust	9828655	6.30	9828655	5.60
4	International Finance Corporation	7690000	4.93	7690000	4.38
5	J.K. Credit & Finance Limited	3575000	2.29	3575000	2.04
6	Edgefield Securities Limited	2500000	1.60	2500000	1.42
7	Acadian Emerging Markets Small Cap Equity Fund LLC	458110	0.29	1300477	0.74
8	Pulp and Paper Research Institute	1237978	0.79	1237978	0.70
9	Nav Bharat Vanijya Limited	1191000	0.76	1191000	0.68
10	Juggilal Kamlapat Udyog Limited	1190000	0.76	1190000	0.68

Note: Around 97% of the Shares of the Company are held in dematerialized form and are traded on daily basis. Therefore, the date wise increase/decrease in shareholding is not indicated.

(v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2017)		Cumulative Shareholding during the Year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1. Shri Bharat Hari Singhania, *Chairman*				
At the beginning of the year	NIL	NIL	NIL	NIL
Increase in Shareholding from 14.8.2017 to 16.8.2017 due to market purchase	100000	0.06	100000	0.06
At the end of the year i.e. 31.03.2018			100000	0.06
2. Shri Harsh Pati Singhania, *Vice Chairman & Managing Director*				
At the beginning of the year	131250	0.08	131250	0.08
Increase in Shareholding from 14.8.2017 to 16.8.2017 due to market purchase	40000	0.02	171250	0.10
At the end of the year i.e. 31.03.2018			171250	0.10

For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1st April 2017)		Cumulative Shareholding during the Year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
3. Shri O.P.Goyal, *Whole-time Director*				
At the beginning of the year	13692	0.01	13692	0.01
Date wise Increase/Decrease in Shareholding during the year	No Change			
At the end of the year i.e. 31.03.2018			13692	0.01
4. Smt. Vinita Singhania, *Director*				
At the beginning of the year	87500	0.06	87500	0.06
Increase in Shareholding from 14.8.2017 to 16.8.2017 due to market purchase	138050	0.07	225550	0.13
At the end of the year i.e. 31.03.2018			225550	0.13

NOTE: Sh. Arun Bharat Ram, Sh. Dhirendra Kumar, Sh. M.H. Dalmia, Sh. RV Kanoria, Sh. Sandip Somany, Sh. Shailendra Swarup, Sh. Udayan Bose, and Sh. Wim Wienk, Directors of the Company and Sh. V. Kumaraswamy, Chief Finance Officer and Sh. Suresh Chander Gupta, Vice President & Company Secretary of the Company were not holding any shares in the Company at the beginning of the year, i.e, as on 1st April 2017 and at the end of the year i.e, as on 31st March 2018 and hence there was no increase/decrease in their shareholding during the financial year 2017-18.

#The Paid up Equity Shares of the Company increased from 15,59,58,865 to 17,55,00,850 during the year consequent upon the conversion of the Foreign Currency Convertible Bonds (FCCBs) (Series 3,4 & partly 5) into 1,95,41,985 Equity Shares of the Company to the holders of such FCCBs.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1462.85	210.07	24.78	1697.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	13.22	6.69	1.62	21.53
Total (i+ii+iii)	1476.07	216.76	26.40	1719.24
Change in Indebtedness during the financial year				
• Addition	321.33	202.70	10.30	534.33
• Reduction	555.13	368.75	4.50	928.38
Net Change	-233.80	-166.05	5.80	-394.05
Indebtedness at the end of the financial year				
i) Principal Amount	1230.20	50.19	29.14	1309.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	12.07	0.53	3.05	15.65
Total (i+ii+iii)	**1242.27**	**50.72**	**32.19**	**1325.18**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager *(Rs. in Crore)*

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sh. Harsh Pati Singhania (Vice Chairman & Managing Director)	Sh. Om Prakash Goyal (Whole-time Director)	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4.43	2.59	7.02
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	2.41	1.01	3.42
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Commission			
	- as % of profit	12.00	0.20	12.20
3	Others: Contribution to Provident Fund and Insurance	0.47	0.14	0.61
	Total (A)	19.31	3.94	23.25
	Ceiling as per the Act	Rs. 31.26 crore (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

(The Company does not have Sweat Equity/Scheme for stock option.)

B. Remuneration to other Directors *(Rs. in Crore)*

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
1.	Independent Directors	Sh. Arun Bharat Ram	Sh. M.H. Dalmia	Sh. R. V. Kanoria	Sh. Sandip Somany	Sh. Udayan Bose	Sh. Shailendra Swarup	
	• Fee for attending Board/ Committee Meetings	0.01	0.01	0.02	0.01	0.02	0.01	0.08
	• Commission	0.11	0.11	0.11	0.11	0.11	0.11	0.66
	Total (1)	0.12	0.12	0.13	0.12	0.13	0.12	0.74

Sl. No.	Particulars of Remuneration					Total Amount
2.	Other Non-executive Directors	Sh. Bharat Hari Singhania (Chairman)	Sh. Dhirendra Kumar	Smt. Vinita Singhania	Sh. Wim Wienk	
	• Fee for attending Board / Committee Meetings	0.03	0.01	0.01	0.01	0.06
	• Commission	1.00	0.11	0.11	0.11	1.33
	Total (2)	**1.03**	**0.12**	**0.12**	**0.12**	**1.39**
	Total(B)= (1+2)					**2.13**
	Total Managerial Remuneration (A+B)					25.38*
	Overall Ceiling as per the Act	Rs. 34.38 Crore (being 11% of the net profits of the Company as per Section 198 of the Companies Act, 2013)				

* Total Managerial Remuneration to Vice Chairman & Managing Director, Whole-time Director and other Directors (being the total of A and B) includes, sitting fees of Rs 0.14 crore.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in Crore)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Sh. V. Kumaraswamy, Chief Finance Officer	Sh. Suresh Chander Gupta, Vice President & Company Secretary	Total
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.97	0.59	2.56
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.61	0.21	0.82
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Others: Contribution to Provident Fund and Insurance	0.07	0.02	0.09
	Total	2.65	0.82	3.47

(The Company does not have Sweat Equity/Scheme for stock option. Commission-Not Applicable)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offences during the year ended March 31, 2018.

On behalf of the Board of Directors

New Delhi	OP Goyal	Harsh Pati Singhania
Date : 14th May, 2018	Whole-time Director	Vice Chairman & Managing Director

Annexure 2

ANNUAL REPORT ON THE CSR ACTIVITIES UNDERTAKEN BY THE COMPANY DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2018

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs-

   The Company has been one of the foremost proponents of inclusive growth and has been undertaking projects for overall development and welfare of the society through its CSR initiatives in areas pertaining to promoting preventive healthcare, education, rural development, environmental sustainability and conservation of natural resources, etc.

   The Company has framed a CSR Policy as required under Section 135 of the Companies Act 2013. The details of the CSR Policy has been posted on the website of the Company and the web-link for the same is http://www.jkpaper.com/images/pdf/Corporate-Social-Responsibility-Policy.pdf

2. The Composition of the CSR Committee:

   The CSR Committee comprises of the following Directors:
   - Shri Harsh Pati Singhania (Chairman of the Committee), Non-independent
   - Shri Shailendra Swarup, Independent
   - Shri O.P.Goyal, Non-independent

3. Average Net Profit/(loss) of the Company for last three financial years : Rs 106.15 crore.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Rs. 2.12 crore.

5. Details of CSR spent during the financial year
   a. Total amount to be spent for financial year : Rs. 2.12 crore
   b. Amount unspent, if any : Rs. 6 lac
   c. Manner in which the amount spent during the financial year:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects/programs (1) Local area/ others- (2) Specify the State and district where projects or Programs were undertaken	Amount outlay (budget) project or programs-wise (Rs in lacs)	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overhead: (Rs in lacs)	Cumulative expenditure upto the reporting period (Rs in lacs)	Amount spent Direct or through implementing agency
1.	Health care	Eradicating hunger, poverty and malnutrition; promoting health care including preventive health care & sanitation including contribution to the 'Swachch Bharat Kosh' set up by the central government for the promotion of sanitation and making available safe drinking water.	Rayagada; Odisha Songadh; Gujarat	20.02	20.66	20.66	SPARSH
2.	Sanitation and Drinking water		Rayagada; Odisha Songadh; Gujarat	38.50	24.84	24.84	SPARSH/Direct
3.	Providing Medical aid to Fire Victims		Rayagada; Odisha	1.00	0.91	0.91	SPARSH

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects/programs (1) Local area/ others- (2) Specify the State and district where projects or Programs were undertaken	Amount outlay (budget) project or programs-wise (Rs in lacs)	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overhead: (Rs in lacs)	Cumulative expenditure upto the reporting period (Rs in lacs)	Amount spent Direct or through implementing agency
4.	Livelihood projects.	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled & livelihood enhancement projects.	Rayagada; Odisha Songadh; Gujarat	85.18	97.85	97.85	SPARSH/Bharat Yuva Shakti Trust
5.	Education		Rayagada; Odisha Songadh; Gujarat	11.00	12.78	12.78	SPARSH/Direct
6.	Women empowerment & gender equality.	Promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day carecentres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;	Rayagada; Odisha Songadh; Gujarat Gajraula, UP	16.97	16.28	16.28	SPARSH
7.	Environmental sustainability & agro forestry.	Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water including contribution to the 'Clean Ganga Fund' set up by the Central Government for rejuvenation of river Ganga;	Rayagada; Odisha Songadh; Gujarat	0.65	0.65	0.65	SPARSH
8.	Promotion of Tribal art and culture	Protection of national heritage. Art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;	Rayagada; Odisha	1.20	1.20	1.20	SPARSH
9.	Setting up sports facilities in remote areas.	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;	Visakhapatnam, Andhra Pradesh	2.40	2.26	2.26	SPARSH
10.	Community infrastructure development viz., roads, public spaces repair & maintenance of public utilities.	Rural Development Projects	Rayagada; Odisha Songadh; Gujarat	36.00	15.28	15.28	SPARSH/Direct
11	Baseline & need assessment study for Health, Livelihood and Women empowerment	Under Cl. 1, Cl 2 & Cl 3 of Schedule VII to the companies Act 2013.	Rayagada, Odisha		13.67	13.67	Star Foundation & SAIRD (South Asian Institute of Research & Development)
	TOTAL			**212.92**	**206.38**	**206.38**	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or a part thereof, the company shall provide the reasons for not spending the amount in its Board report: The expenditure on CSR is Rs. 2.06 crore as against a budget of Rs 2.12 crore. This was primarily due to an additional amount of Rs 20 lacs which was proposed to be spent on village sanitation at Unit JKPM in partnership with the local panchayat but could not be done in this year as the panchayat could not be convened in time.

7. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

	OP Goyal	Harsh Pati Singhania
Date : 14th May, 2018	Whole-time Director	Chairman, CSR Committee

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
JK Paper Limited,
P.O. Central Pulp Mills - 394660
Fort Songadh, Dist. Tapi,
Gujarat

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JK Paper Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 (Audit Period), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 -(Not applicable to the Company during the Audit Period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- (Not applicable to the Company during the Audit Period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- (Not applicable to the Company during the Audit Period);

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- (Not applicable to the Company during the Audit Period); and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

(vi) Management has identified and confirmed the following laws as being specifically applicable to the Company, which have been complied with:-

   (a) Paper and Paper Board Cess Rules, 1981

   (b) Indian Forest Act, 1927

I have also examined compliance with applicable clauses of the following:

(i) Mandatory Secretarial Standard 1 and Secretarial Standard 2 issued by the Institute of Company Secretaries of India,

(ii) The Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act. (Not applicable during the audit period)

Adequate Notice is given to all directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda are also sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that, based on review of compliance mechanism established by the Company and on the basis of compliance certificates issued by the Company Executives and taken on record by the Board of Directors and Audit Committee at their meetings, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period, the Company has -

(i) Obtained Members' approval by means of Special Resolution, pursuant to sections 42 and 71 of the Act, for issue of Redeemable Non Convertible Debentures upto Rs. 335 crore to banks, financial institutions etc.,

(ii) Increased paid up Share capital to Rs. 175.50 crore after allotment of 19,541,985 equity shares of Rs. 10 each, at a premium of Rs. 46.37 each, on conversion of Foreign Currency Convertible Bonds of various series, and

(iii) Subscribed for 13,09,000 ordinary shares of USD 1 each in JK Paper International (Singapore) Pte Ltd, a wholly owned subsidiary.

This report is to be read alongwith the following-

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Namo Narain Agarwal
Secretarial Auditor
FCS No. 234, CP No. 3331

Place: New Delhi
Date: 10th May 2018

Annexure 4

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo in terms of section 134 (3) (m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014.

A) CONSERVATION OF ENERGY

i. The steps taken for conservation of energy:

(1) Reduced use of furnace oil in lime kiln by maintaining required temperature. (2) Installation of VFD for LMW 1 Vat level control, Exhaust fan and shake mechanism at Unit CPM as well as PM1 & Delta Pump in Unit JKPM (3) Energy saving initiatives: (a) replacement of Old CHP crusher fluid coupled with correct capacity motor (b) replacement of old Halide lights (c) MV lamps by LED, replacement of dyno-drive with VFD in CFB#3. (d) Installation of new energy efficient motors in the mill and reducing capacity of motors in Pulp mill area (e) Replacing existing pumps in water treatment plant by energy efficient pumps (f) Fixing of 350 Watts LED Lights in place Metal Halide Lamps of 800 Watts (4) Air compressor operation optimized by optimization of user end pressure and replacement and proper routing of compressed air lines with SS pipe. (5) Biogas plant installed for company canteen waste monitory saving as well as environment pollution reduction (6) Diverting of return water line to inlet of water clarifier resulting in mill water temp to process cooling by 5 Deg C (7) Changing of high capacity motor with low capacity motor for PM-5 Machine chest (8) Reduction of Tap position of Drive Transformers in PM-1& 3 (9) Installing energy efficient motor in PM 3 stock area & PM1.

ii. The capital investment on energy conservation equipments:

The Company has invested Rs. 10.76 crore for energy conservation equipments during the year.

B) RENEWABLE ENERGY

The steps taken by the company for utilizing alternate sources of energy.

Concentrated black liquor contains carbohydrates (Lignin) extracted from wood and sodium salts bonded with carbohydrates from the cooking chemicals added at the digester. Combustion of the organic portion of Black liquor solids produces heat in the recovery boiler, heat is used to produce high pressure steam, which is used to generate electricity in a turbine. Turbine extraction Medium & low pressure steam is used for process heating. Black liquor solids as a fuel has been confirmed as renewable biomass fuel by Ministry of New & Renewable Energy, Government of India. About 22% of the energy requirement at Unit CPM and 56% at Unit JKPM is being met by this renewable source.

C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The efforts made towards technology absorption:

(1) Used AQ based cooking aid to increase average yield. (2) Achieved significant power saving by implementing centralized refiner. (3) Speed increase of PM 3 at Unit JKPM helped increase production. (4) In house steam & Condensate modification of PM 4 at Unit JKPM helped reduce steam consumption (5) Significant coal savings by installing additional scaph in recovery boiler (6) Reduction in steam consumption by increasing White Liquor active alkali. (7) Increased ClO_2 generation capacity by installing of new absorption tower. (8) Reduced active alkali requirement during cooking by increased usage of cooking aid, surfactant base. (9) Installation of steam profiler in PM-2 to increase moisture content in paper at pope reel, keeping moisture profile variation at minimum level. (10) Increased speed of PM-2 in lower gsm to increase paper production.

i. The benefits derived as a result of above efforts:

The initiatives have enabled the company in terms of product & quality improvement, cost reduction, product development and enhance customer satisfaction.

ii. Research & Development:

During the year, the Company has spent Rs. 3.86 Crore on Research & Development. The company performed various Research & Development activities. Various trials were conducted on the shop floor to upgrade the existing quality of product to meet the customer perception and maintain quality and product leadership.

1. New Products developed and introduced during the current year.

   (a) J K Easy Draw (NS) 125 gsm, with higher bulk and higher roughness (b) PE Coated Board (c) JK Evervite Copier 100 sheet pack (d) Sparkle A5 Copier (e) Pulp Board (Blue) for cast coating (f) Specialized Maplitho (g)FSK Board

2. R & D activities in Plantation

(a) Developed & commercially released new Eucalyptus clone namely CPM U283 turbo having much higher wood. (b) Successfully crossed Eucalyptus globulus & E. urophylla for development of future generation clones with higher wood productivity & better pulping properties. (c) Brought superior seeds of Eucalyptus globulus, E. urophylla, E. nitens, E. grandis, Corymbia Hynrii & E. saligna from Newzealand Forest Research Institute. Seedlings produced & planned for provenance trial at CPM & JKPM area. (d) Installed seed grading & scarification machine for Subabul seed treatment to increase germination percentage & survival percentage in Subabul plantations. (e) Selected 500 nos of superior Candidate plus Trees (CPTs) in Subabul from 2.5 lacs plants populations in Gujarat & Maharashtra. 3 superior CPTs shortlisted & production started at mist chambers; these clones to be used for future field trials (f) Induced gamma rays mutation in Subabul & Eucalyptus clones for further wood productivity & fibre yield enhancement. Field trials are placed for further testing.

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

Rs. in Crore (10 Million)

(a)	Foreign Exchange earned	237.64
(b)	Foreign Exchange outgo:	
	- CIF Value of Imports	576.22
	- Others	17.67

On behalf of the Board of Directors

New Delhi
Date : 14th May, 2018

OP Goyal
Whole-time Director

Harsh Pati Singhania
Vice Chairman & Managing Director

Annexure 5

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the FY 2017-18 ended 31st March 2018

A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company- (a) Non-Executive Directors: Shri Bharat Hari Singhania, Chairman,29.95; Shri Arun Bharat Ram,3.52; Shri Dhirendra Kumar, 3.58; Shri M.H. Dalmia,3.37; Shri R.V. Kanoria,3.78; Shri Sandip Somany,3.52; Shri Shailendra Swarup, 3.50; Shri Udayan Bose, 3.78; Smt. Vinita Singhania, 3.49; and Shri Wim Wienk, 3.34 (b) Executive Directors: Shri Harsh Pati Singhania, VC & MD, 561.58 and Shri O.P. Goyal, WTD, 114.68.

B. The percentage increase in remuneration of each director, chief finance officer, company secretary - Shri Bharat Hari Singhania, Chairman, 93.79%; Shri Harsh Pati Singhania, VC & MD, 38.97%; Shri O.P. Goyal, WTD,12.98%; Shri Arun Bharat Ram, 23.47%; Shri Dhirendra Kumar, 30.85%; Shri M.H. Dalmia, 27.47%, Shri R.V. Kanoria, 20.93%, Shri Sandip Somany, 40.70%, Shri Shailendra Swarup, 19.90%, Shri Udayan Bose, 31.31%, Smt. Vinita Singhania, 29.73%, Shri Wim Wienk, 31.43%, Shri V. Kumaraswamy, CFO, 23.27%, and Shri Suresh Chander Gupta, VP & CS, 26.71%.

C. The percentage increase in the median remuneration of employees – 7.69%. The number of permanent employees on the rolls of Company - 2474.

D. Average percentage increase in the salaries of employees other than the managerial personnel in the financial year 2017-18 was 12% and increase in the managerial remuneration for the same financial year was 33.75%. Higher increase in managerial remuneration is due to profit linked commission and performance linked incentive as per scheme of the Company.

E. We affirm that the remuneration paid during the year 2017-18 is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management of the Company.

Annexure 6

The particulars in respect of the deposits covered under Chapter V of the Companies Act, 2013 for the financial year ended 31st March 2018

(a) Accepted during the year -Rs.7.25 crore;

(b) Remained unclaimed as at the end of the year – Rs.0.72 crore;

(c) Default in repayment of deposits or payment of interest thereon at the beginning of the year and at the end of the year – Nil; and

(d) Details of deposits which are not in compliance with the requirements of Chapter V of the said Act – Nil.

On behalf of the Board of Directors

New Delhi	OP Goyal	Harsh Pati Singhania
Date : 14th May, 2018	Whole-time Director	Vice Chairman & Managing Director

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are :-

- Commitment to excellence and customer satisfaction
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and remaining committed to high standards of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

2. BOARD OF DIRECTORS

The Board of Directors presently consists of Twelve Directors of which two are Executive Directors and ten are Non-executive Directors. Out of ten Non-executive Directors, six are Independent Directors. Details are as given hereunder:

S. No^	Name of the Director	Category	No. of Board Meetings attended during 2017-18	Whether attended last A.G.M. (14.09.2017)	No. of other Directorships and Committee Memberships / Chairmanships		
					Other Directorships $	Other Committee Memberships**	Other Committee Chairmanships**
1.	Sh. Bharat Hari Singhania, Chairman	Non- Executive non-Independent	4	Yes	4	1	-
2.	Sh. Harsh Pati Singhania, Vice Chairman & Managing Director	Executive	4	Yes	2	-	-
3.	Sh. Arun Bharat Ram∆	Independent	2	No	3	1	-
4.	Sh. Dhirendra Kumar	Non- Executive non-Independent	4	No	5	2	-
5.	Sh. M.H.Dalmia∆	Independent	2	No	-	-	-
6.	Sh. R. V. Kanoria∆	Independent	3	No	7	4	1
7.	Sh. Sandip Somany∆	Independent	4	No	5	-	-
8.	Sh. Shailendra Swarup∆	Independent	3	No	5	3	-

S. No^	Name of the Director	Category	No. of Board Meetings attended during 2017-18	Whether attended last A.G.M. (14.09.2017)	No. of other Directorships and Committee Memberships / Chairmanships		
					Other Director-ships $	Other Committee Memberships**	Other Committee Chairmanships**
9.	Sh. Udayan Bose∆	Independent	4	Yes	1	-	1
10.	Smt. Vinita Singhania	Non- Executive non-Independent	4	No	4	-	-
11.	Sh. Wilhelmus Johannes Maria Wienk (nominee of FCCB Holders)	Non-Executive non-Independent	2	No	-	-	-
12.	Sh. O. P. Goyal, Whole-time Director	Executive	4	No	-	-	-

∆ The appointment of Independent Directors is in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

$ excluding Private Ltd Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013. Independent Directorships held by the Directors are in accordance with the Listing Regulations.

^ DIN of the above named Directors in seriatim: 1. DIN: 00041156, 2. DIN: 00086742, 3. DIN: 00694766, 4. DIN: 00153773, 5. DIN: 00009529, 6. DIN: 00003792, 7. DIN: 00053597, 8. DIN: 00167799, 9. DIN: 00004533, 10. DIN:00042983, 11.DIN: 05177396 and 12. DIN: 00030115.

** Only covers Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee.

Shri Bharat Hari Singhania, Chairman & Shri Harsh Pati Singhania, Vice Chairman & Managing Director are related to each other.

Date and number of Board Meetings held

Four Board Meetings were held during the year 2017-18 i.e., on 16th May 2017, 31st July 2017, 13th November 2017 and on 30th January 2018.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non – compliances, if any.

The Company already has a Code of Conduct in position for Management Cadre Staff (including Executive Directors). In terms of provisions of Regulation 17(5) of the Listing Regulations, and contemporary practices of good corporate governance, the Board has laid down a code of conduct for all Board Members and Senior Management of the Company and the same is available on the website of the Company (www.jkpaper.com). All the Board Members and Senior Management Personnel have affirmed compliance with the said code. This report contains a declaration to this effect signed by Vice Chairman & Managing Director. The Board is also satisfied that plans are in place for orderly succession for appointments to the Board and to senior management.

3. SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 30th January 2018. Shri M.H. Dalmia was unanimously elected as Chairman of the meeting and all the Independent Directors of the Company were present at the said Meeting except Shri Arun Bharat Ram and Shri Shailendra Swarup to whom leave of absence was granted.

4. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In accordance with the provisions of Regulation 25(7) of the Listing Regulations, the Company has been conducting various familarisation programmes for Independent Directors. The details of such familarisation programmes for Independent Directors have been disclosed on the website of the Company, the web link for which is http://www.jkpaper.com/images/pdf/Familiarisation%20Programme%20of%20INDs.pdf.

5. PERFORMANCE EVALUATION

The Board of Directors has made formal annual evaluation of its own performance, and that of its committees and Individual Directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed under the Listing Regulations.

Performance of the Board was evaluated after seeking inputs from all the Directors on the basis of the criteria such as adequacy of its composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as composition of committees, terms of reference of committees, effectiveness of the committee meetings, participation of the members of the committee in the meetings, etc.

The Board and the Nomination and Remuneration Committee also carried out evaluation of the performance of individual directors on the basis of criteria such as attendance and effective participation and contributions at the meetings of the Board and its committees, exercise of his/her duties with due & reasonable care, skill and diligence, etc.

In a separate meeting of the Independent Directors of the Company, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors of the Company. The Chairman of the Meeting of the Independent Directors apprised the Board about the evaluation carried by it and that the Independent Directors were satisfied in this regard.

6. AUDIT COMMITTEE

The composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

The Committee presently consists of four Directors, out of which three are Non-executive Independent Directors and one is Executive Director. Four meetings of the Audit Committee were held during the year 2017-18 as detailed hereunder:

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of members attended
16th May 2017	3
31st July 2017	4
13th November 2017	3
30th January 2018	3

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri Udayan Bose	Chairman	4
Shri Arun Bharat Ram	Member	2
Shri R.V.Kanoria	Member	3
Sh. O. P. Goyal	Member	4

All the Committee Meetings were attended by the Head of Internal Audit, Vice President & Company Secretary and the representative of Statutory Auditor. The Head of Finance Function also regularly attends the Committee Meetings. The Vice President & Company Secretary acts as the Secretary of the Committee.

7.1 NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently consists of five Directors, out of which three are Non Executive Independent Directors namely Shri Arun Bharat Ram, (Chairman), Shri R.V. Kanoria and Shri Udayan Bose and two are Non Executive Non-Independent Directors namely Shri Bharat Hari Singhania and Shri Dhirendra Kumar. The Composition and the terms of reference of the committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Three meetings of the Nomination and Remuneration Committee were held during the year 2017-18 as detailed hereunder:

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of members attended
16th May 2017	3
13th November 2017	3
30th January 2018	4

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri Arun Bharat Ram	Chairman	1
Shri Bharat Hari Singhania*	Member	1
Shri R.V.Kanoria	Member	2
Shri Udayan Bose	Member	3
Shri Dhirendra Kumar	Member	3

* Shri Bharat Hari Singhania became a member of the Committee w.e.f.13th November, 2017.

7.2 NOMINATION AND REMUNERATION POLICY

In accordance with the provisions of the Companies Act 2013 and the Listing Regulations, the Company has put in place the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management of the Company including criteria for determining qualifications, positive attributes, independence of a Director as well as a policy on Board Diversity. The policy provides as follows:

(i) The Nomination and Remuneration Committee of Directors (the Committee) shall take into consideration the following criteria for recommending to the Board for appointment as a Director of the Company: (a) Qualifications & experience. (b) Positive attributes like respect for Company's core values, professional integrity, strategic capability with business vision, etc. (c) In case the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as Independent Director as per the applicable laws & regulations. (d) The incumbent should not be disqualified for appointment as Director pursuant to the provisions of the Act or other applicable laws & regulations.

(ii) The Committee will recommend to the Board appropriate compensation to Executive Directors subject to the provisions of the Act, Listing Regulations and other applicable laws & regulations. The Committee shall periodically review the compensation of such Directors in relation to other comparable companies and other factors, the Committee deems appropriate. Proposed changes, if any, in the compensation of such Directors shall be reviewed by the Committee subject to approval of the Board.

(iii) The Board will review the performance of a Director as per the structure of performance evaluation adopted by the Board for Directors including Executive Directors.

(iv) The Committee will review from time to time Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management in the Company. The Company will keep succession planning and board diversity in mind in recommending any new name of Director for appointment to the Board.

(v) The eligibility criteria for appointment of Key Managerial Personnel (KMPs) and other senior management personnel shall vary for different positions depending upon the job description of the relevant position. In particular, the position of KMPs shall be filled by senior personnel having relevant qualifications and experience. The compensation structure for KMPs and other senior management personnel shall be as per Company's remuneration structure taking into account factors such as level of experience, qualification and suitability which shall be reasonable and sufficient to attract, retain and motivate them. The remuneration would be linked to appropriate performance benchmarks. The remuneration may consist of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

7.3 REMUNERATION PAID TO DIRECTORS

A. Executive Directors

The aggregate value of salary, perquisites and contribution to Provident Fund and Superannuation Fund for the financial year ended 31st March, 2018 to the Vice Chairman & Managing Director and the Whole-time Director is as follows: Shri Harsh Pati Singhania, Rs.5.41 crore plus Rs. 13.90 crore payable as commission and performance linked incentive as applicable; and Shri O. P. Goyal, Rs. 2.76 crore plus Rs.1.18 crore payable as commission and performance linked incentive as applicable.

The Company does not have any Stock Option Scheme. In the case of Executive Directors, notice period is 6 months. Severance fee for the Vice Chairman & Managing Director is remuneration for the unexpired residue of term or for 3 years, whichever is shorter and for the Whole-time Director, 6 months salary in lieu of notice period.

B. Non-Executive Directors

The Company has paid sitting fees aggregating to Rs. 13.65 lac to all Non-executive Directors for attending the meetings of the Board and/or Committees of Directors (including sitting fee for a separate meeting of Independent Directors), during the financial year 2017-

18. In addition to sitting fees, commission of Rs.100 lac is payable to Shri Bharat Hari Singhania, Chairman and Rs. 11 lac each to Shri Arun Bharat Ram, Shri Dhirendra Kumar, Shri R.V.Kanoria, Shri Udayan Bose, Shri Sandip Somany, Shri Shailendra Swarup, Shri Wim Wienk, Shri M.H.Dalmia and Smt. Vinita Singhania, in accordance with the Special Resolution passed by the members of the Company at the Annual General Meeting held on 14th September 2016. Number of Equity shares of Rs.10/- each of the Company held by the Non-Executive Directors: Sh. Bharat Hari Singhania (1,00,000 Equity Shares) and Smt. Vinita Singhania (2,25,550 Equity Shares).

The Non-executive Directors did not have any other material pecuniary relationship or transactions vis-à-vis the Company during the year.

8. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Committee presently consists of three directors, namely Shri R.V. Kanoria (Chairman), Shri Arun Bharat Ram and Shri O.P.Goyal, Whole-time Director. The Composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Four meetings of the said Committee were held during the year 2017-18 as detailed hereunder:

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of members attended
16th May 2017	2
31st July 2017	3
13th November 2017	2
30th January 2018	2

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri R.V.Kanoria	Chairman	3
Shri Arun Bharat Ram	Member	2
Shri O.P.Goyal	Member	4

Shri Suresh Chander Gupta, Vice President & Company Secretary is the Compliance Officer.

Eleven investor complaints were received during the financial year ended 31st March 2018, all of which were promptly resolved to the satisfaction of the investor concerned.

The Board has delegated the power of share transfer to the Committee of Directors and the share transfer formalities are attended to as required. All valid requests for transfer of shares in physical form were processed in time and there were no pending transfers of shares. During the year ended 31st March 2018, 20 meetings of the said Committee of Directors were held.

9. GENERAL BODY MEETINGS

(i) Location and time for last three Annual General Meetings were:

Year	Location	Date	Time
2014-15	P.O. Central Pulp Mills – 394 660 Fort Songadh, Distt.Tapi, Gujarat	24-09-2015	12.30 P.M.
2015-16	Same as above	14-09-2016	12.30 P.M.
2016-17	Same as above	14-09-2017	12.30 P.M.

(ii) No Special Resolutions were required to be put through postal ballot last year. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

(iii) Special Resolutions passed in previous 3 Annual General Meetings:

(a) At the last Annual General Meeting of the Company held on 14th September 2017, Special Resolution was passed for issue of Non-Convertible Debentures (NCDs) upto Rs. 335 crore on private placement basis.

(b) At the Annual General Meeting of the Company held on 14th September 2016, Special Resolution was passed to re-appoint and approve the terms of remuneration of Vice Chairman & Managing Director of the Company for a period of five years with effect from 1st January 2017.

(c) At the Annual General Meeting of the Company held on 24th September 2015, Special Resolution was passed to re-appoint and approve the terms of remuneration of the Whole-time Director of the company from 7th September 2015 till 30th September 2018.

10. DISCLOSURES

(i) **Related Party Transactions:** Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large. None

All the Related Party Transactions are dealt with in accordance with the provisions of the Companies Act, 2013 and Regulation 23 of the Listing Regulations.

The Company has also formulated a policy on dealing with Related Party Transactions and also on the materiality of Related Party Transactions. This Policy is available on the website of the Company and the weblink for the same is http://www.jkpaper.com/images/pdf/Related-Party-Transaction-Policy.pdf.

Suitable disclosure as required by Indian Accounting Standard (IndAs)-24 on Related Party transactions has been made in the Annual Report.

(ii) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. None

(iii) **Vigil Mechanism/Whistle Blower Policy:** The Board of Directors of the Company at its meeting held on 11th August 2014 has formulated a Vigil Mechanism/the Whistle Blower Policy for the Directors and Employees of the Company to report their genuine concerns or grievances relating to actual or suspected fraud, unethical behaviour, violation of the Company's Code of Conduct or Ethics Policy, and any other event which would adversely affect the interests of the business of the Company. Whistle Blowers may send their concerns/complaints to the Chairman of Audit Committee in a sealed envelope marked confidential, for appropriate action.

The details of establishment of such mechanism has been also disclosed on the website of the Company. It is affirmed that no personnel has been denied access to the Audit Committee.

(iv) **Prevention of Sexual Harassment of Women at Workplace:** Your Company is sensitive to women employees at workplace. As required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has a formal policy to ensure safety of women and prevention of sexual harassment and has set up a Complaint Committee at its work place(s) to redress the complaints of women employees.

During the year, no complaint has been filed with the said Committee with allegation of sexual harassment.

(v) **Risk Management:** The Company has an elaborate risk management system to inform Board Members about risk assessment and minimization procedures. A Risk Management Committee headed by President meets on regular basis and evaluates the efficacy of the framework relating to risk identification and its mitigation laid down by the Committee. Board Members are accordingly informed.

(vi) **Disclosure of commodity price risks and commodity hedging activities:** The Company manages fluctuations in raw material prices through stocking by advance procurement when the prices are perceived to be low and also enters into annual buying contracts as strategic sourcing initiative in order to keep raw material availability and prices under check.

(vii) **Subsidiary Companies:** The financial statements, in particular, the investments made by the unlisted subsidiary companies, if any, are reviewed by the Audit Committee of the Company.

The minutes of the Board meetings of the unlisted subsidiary companies are placed at the Board meeting of the Company. A statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies, if any, are also placed at the Board meeting of the Company.

The Company has formulated a policy for determining material subsidiary as required under Regulation 16 of the Listing Regulations and the same is disclosed on the Company's Website. The web link is http://www.jkpaper.com/images/pdf/Policy%20for%20Determining%20Material%20Subsidiary.pdf.

During the year, the Company did not have any material unlisted subsidiary as defined in Regulation 16 of the Listing Regulations.

(viii) **Corporate Social Responsibility Committee:** The Company has a 'Corporate Social Responsibility Committee of Directors' which comprises of three Directors out of which one is independent and two are Executive Directors. The composition and role of the Committee are in conformity with the provisions of Section 135 of the Companies Act, 2013. Two Meetings of the Committee were held during the financial year ended 31st March 2018 i.e., on 16th May 2017 and 30th January 2018.

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Status	No. of Meetings attended
Shri Harsh Pati Singhania	Chairman	2
Shri Shailendra Swarup	Member	1
Shri O.P.Goyal	Member	2

11. MEANS OF COMMUNICATION

Quarterly, half yearly and annual financial results are normally published in the Economic Times newspaper (in all editions including Gujarati translation) and are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also displayed on the website of the company "www.jkpaper.com". Management Discussion & Analysis forms part of the Annual Report.

Presentations made to institutional investors or to the analysts, if any, are promptly displayed on the website of the Company.

12. GENERAL SHAREHOLDERS' INFORMATION:

(i) Annual General Meeting (AGM) :-

(a) Date and Time : Friday, 17th August 2018 at 12.30 P.M.

Venue : P.O. Central Pulp Mills- 394660,
Fort Songadh, Distt. Tapi, Gujarat.

(b) A brief resume and other particulars of Director(s) seeking re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.

(ii) Book Closure : 10th August 2018 to 17th August 2018 (both days inclusive)

(iii) Dividend Payment Date : Within three weeks from AGM

(iv) Financial Calendar : Year Ending March 31

Annual General Meeting for the year ending March 31, 2019: Between June and September 2019

(v) Names and address of Stock Exchanges (including Stock Code) where equity shares of the Company are listed: The Equity Shares of the Company are listed on the following Stock Exchanges:

BSE Limited	National Stock Exchange of India Ltd.
(Stock Code-532162)	(Stock Code – JKPAPER)
Phiroze Jeejeebhoy Towers,	"Exchange Plaza"
Dalal Street	Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 001	Mumbai-400 051

The annual listing fee for the financial year 2018-19 has been paid to both the aforesaid Stock Exchanges.

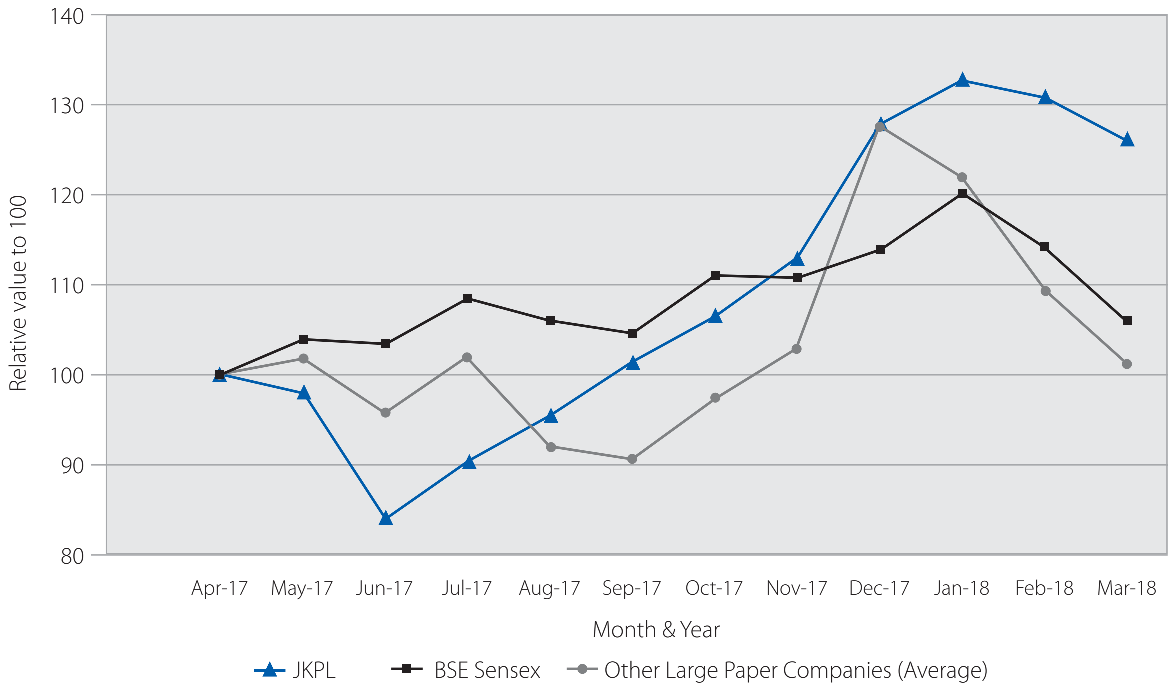
(vi) Stock Market Price Data :

Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2017				
April	113.85	93.60	113.90	93.50
May	123.00	102.60	122.50	102.40
June	110.40	89.60	110.30	89.70
July	101.25	90.25	101.35	90.25
August	104.80	88.00	104.60	88.70
September	124.90	98.50	125.00	98.00
October	121.05	109.25	121.40	109.40
November	130.15	113.00	130.00	113.30
December	145.30	116.00	145.40	115.40

Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2018				
January	169.90	136.25	169.90	136.00
February	148.00	127.00	148.00	127.00
March	146.80	131.10	146.95	130.30

(Source: www.bseindia.com) (Source : www.nseindia.com)

(vii) JK Paper Ltd.'s Share Performance vs. BSE Sensex & Other Large Paper Companies' Share Performance (Average) [April 2017 to March 2018]:



(Source: www.bseindia.com)

(viii) Dematerialisation of shares and liquidity:

The Equity Shares of the Company are presently tradeable in compulsory demat segment. The ISIN No. for Equity Shares of the Company for both the depositories is INE789E01012. As on 31st March 2018, 97.53% of the Company's Equity Share Capital was in dematerialised form.

In respect of Shares held in electronic form, all the requests for nomination, change of address and rematerialisation etc. are to be made only to the Depository Participant with whom the Shareholders have opened their Demat Account. The Company will not be in a position to process such requests.

(ix) Share transfer system:

The transfer/transmission of shares in physical form is normally processed and completed within 15 days from the date of receipt thereof. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

(x) (a) Distribution of Equity Shareholding (both in physical and electronic form) as on 31st March 2018:

Number of Equity Shares held	Shareholders		Shares Held	
	Number	%	Number	%
1 to 500	32120	73.81	4538325	2.59
501 to 1,000	5203	11.96	4249329	2.42
1,001 to 5,000	4786	11.00	10965362	6.25
5,001 to 10,000	679	1.56	5039075	2.87
Over 10,000	729	1.67	150708759	85.87
Total	**43517**	**100.00**	**175500850**	**100.00**

(b) Pattern of Equity Shareholding (both in physical and electronic form) as on 31st March 2018:

Category	No. of Equity Shares held	Percentage of Shareholding
Domestic Companies	9,63,51,307	54.90
Resident Individuals & Trusts	4,86,73,999	27.73
FIs, Mutual Funds & Banks	37,80,506	2.15
Foreign Investors/FPIs/ NRIs	2,66,95,038	15.22
Total	**17,55,00,850**	**100.00**

(xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

FCCBs: Unsecured Foreign Currency Convertible Bonds (FCCBs) (Series 5) of Euro 2.40 Million, issued by the Company on private placement basis to Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. European Development Institution on 30th May 2011 was convertible* into 27,42,735 Equity Shares at a conversion price of Rs.56.37 per Equity Share of Rs. 10/- each, as on 31st March 2018.

*Since converted into Equity shares of the Company till the date of this report.

(xii) Commodity price risk or foreign Exchange risk and hedging activities:

During the financial year ended 31st March 2018, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts, swaps & options for hedging foreign exchange exposures against imports and exports.

(xiii) Plant locations :

(i) JK Paper Mills (Unit JKPM)
Jaykaypur – 765 017
Distt. Rayagada (Odisha).

(ii) Central Pulp Mills (Unit CPM)
P.O. Central Pulp Mills - 394 660
Fort Songadh
Distt. Tapi (Gujarat)

(xiv) Address for correspondence for Share Transfer and related matters:

1. Registrar and Share Transfer Agent (RTA)
M/s MCS Share Transfer Agent Limited,
F-65, Okhla Industrial Area,
Phase – I, New Delhi-110 020
Ph. (011) 41406149-52
Fax No.(011)-41709881
E-mail: helpdeskreply@mcsregistrars.com
Website: www.mcsregistrars.com

2. Vice President & Company Secretary
JK Paper Limited
Gulab Bhawan (Rear Block - 3rd Floor)
6A, Bahadur Shah Zafar Marg
New Delhi-110 002
Ph. 011-30179100
(ext : 560, 564)
Fax No. 91-11-23739475
Email : sharesjkpaper@jkmail.com
Website : www.jkpaper.com

(xv) This Corporate Governance Report of the Company for the financial year ended 31st March 2018 are in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.

(xvi) Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations- (a) Shareholder Rights: Half-yearly and other quarterly financial results are published in newspapers and uploaded on Company's website www.jkpaper.com. At present, the half yearly financial performance and the summary of the significant events in last six months are not sent to each household of shareholders; (b) Modified opinion(s) in audit report: The financial statements (both standalone and consolidated) of the Company for the year ended 31st March 2018 are with unmodified audit opinion; (c) Separate posts of Chairperson and CEO: Sh. Bharat Hari Singhania is the Chairman of the Company and Sh. Harsh Pati Singhania is the Vice-Chairman & Managing Director of the Company; and (d) Reporting of Internal Auditor: The Head of Internal Audit of the Company administratively reports to the President. However, his Internal Audit Reports are placed before the Audit Committee.

(xvii) The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub–regulation (2) of Regulation 46 of the Listing Regulations.

(xviii) Disclosure with respect to demat suspense account/ unclaimed suspense account

There were no shares in the demat suspense account or unclaimed suspense account during the financial year 2017-18.

However, during the financial year 2017-18, the Company had transferred 12,021 Equity shares to Investor Education and Protection Fund Authority pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

13. DECLARATION

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of JK Paper Limited" during the Financial Year ended 31st March 2018.

Harsh Pati Singhania
Vice Chairman & Managing Director

14. CODE FOR PREVENTION OF INSIDER TRADING

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct to Regulate, Monitor and Report Trading by Insiders, in terms of the said Regulations.

Independent Auditors' Certificate on Corporate Governance

To The Members of

JK Paper Limited

1. We have examined the compliance of the conditions of Corporate Governance by JK Paper Limited ("the Company") for the year ended 31st March, 2018 as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance as stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Report or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended 31st March, 2018.

8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

Restriction on Use

9. This certificate is issued solely for the purpose of complying with the aforesaid regulations. Our Certificate should not to be used for any other purpose or by any person other than the addressees of this Certificate. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing.

For **LODHA & CO.**
Chartered Accountants
Firm registration number: 301051E

N. K. Lodha
Partner
Membership number 85155

Place: New Delhi
Date: May 14, 2018

FINANCIAL STATEMENTS

Independent Auditor's Report

To
The Members of
JK Paper Limited

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of JK Paper Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

OTHER MATTER

Corresponding figures for the year ended March 31, 2017 included in the standalone financial statements were audited by another auditor who expressed an unmodified opinion dated 16th May 2017.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder.

   (e) on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of Pending litigations, on its Financial position in its standalone financial statements- Refer Note 35 to the standalone Financial Statements.

      ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

N. K. Lodha
Partner
Membership No.085155

Place: New Delhi
Dated:14th May 2018

Annexure – A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the JK Paper Limited on the standalone financial statements for the year ended March 31, 2018, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management according to the program of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at Balance Sheet date except the following

Particular	Total No. of Cases	Gross Book Value (₹ In Crore)	Net Book Value (₹ In Crore)
Freehold Land*	1	20.24	20.24

*Also Refer Note No. 2(a) of standalone financial statements.

(ii) The inventories of the Company (except stock in transit, which has been verified from receipt of material) have been physically verified by the management at reasonable intervals and the procedures of physical verification of inventory followed by the Management are reasonable in relation to the size of the Company and nature of its business. The discrepancies noticed on such physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.

(iii) The Company has not granted any loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'), hence other parts of this clause are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 73 to76 of the Act or any other relevant provisions of the Act and the rules framed there under with regard to deposits accepted from the public. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in this regard.

(vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cost records under section 148(1) of the act in respect of the company's products to which the said rules are made applicable and are on the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

(vii) (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, entry tax, goods and service tax, cess and other material statutory dues, with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at March 31, 2018.

(b) According to the records and information & explanations given to us, there are no dues in respect of income tax, sales tax, service tax, goods and service tax, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute except as given below.

Name of the statute	Nature of dues	Period to which amount relates	Amount involved (₹ in Crores)	Forum where dispute is pending
Central Excise Act, 1944	Central Excise	1981-1983	0.70	Deputy Commissioner Central Excise, Raygada
		1982-1983	0.41	Supreme Court
		1986-1995	1.31	High Court, Cuttack
		2005-2010	0.05	CESTAT Ahmedabad
		2007-2010	3.37	CESTAT Ahmedabad
		2008-2010	6.22	Commissioner Excise, Bhubaneshwar
		2008-2012	0.69	CESTAT Ahmedabad
		2009-2010	0.08	CESTAT Ahmedabad

Name of the statute	Nature of dues	Period to which amount relates	Amount involved (₹ in Crores)	Forum where dispute is pending
Central Excise Act, 1944	Central Excise	2010-2011	0.16	CESTAT Ahmedabad
		2011-2012	0.18	CESTAT Ahmedabad
		2011-2012	0.08	CESTAT Ahmedabad
		2012-2013	0.19	CESTAT Ahmedabad
		2012-2014	0.16	CESTAT Ahmedabad
		2013-2014	0.18	CESTAT Ahmedabad
		2014-2015	0.08	Commissioner (Appeals), Surat
		2015-2016	0.07	Commissioner (Appeals), Surat
		2014-2015	0.10	Commissioner (Appeals), Surat
		2004-2010	0.20	CESTAT ,Ahmedabad
		2011-2015	2.59	Commissioner (Appeals), Surat
Custom Act, 1962	Custom Duty	2011-2012 & 2012-2013	0.69	CESTAT Ahmedabad
		2009-2010	0.25	Commissioner (Appeals), Surat
Sales Tax	Sales Tax	1983-84/ 1987-88	0.05	Sales Tax Department – Delhi
		1997-98	0.10	Sales Tax Tribunal – Cuttack
		2002-2003	0.01	Deputy Commissioner, Delhi
		2005-2009	0.16	Sales Tax Tribunal – Cuttack
		2006-2007	0.55	Gujarat Vat (Tribunal) Ahmedabad
		2007-2009	0.25	High Court Allahabad
		2012-2013	5.85	Additional Commissioner, Cuttack
Income Tax Act, 1961	Income Tax	FY 2012-13	2.51	CIT(Appeals)

(viii) In our opinion, on the basis of audit procedures and according to the information and explanation given to us, the company has not defaulted in repayment of loans and borrowings to financial institutions and banks. The company has neither taken any loan from the government nor having any outstanding debentures during the year.

(ix) On the basis of information and explanation given to us, term loans have been applied for the purposes for which they were obtained. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).

(x) Based on the audit procedures performed and on the basis of information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) On the basis of records and information and explanations made available and based on our examinations of the records of the company, the company has paid / provided managerial remuneration, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act. (Refer Note no.49(b))

(xii) On the basis of information and explanation given to us , the Company is not a Nidhi Company. Accordingly, reporting under clause 3 (xii) of the said order is not applicable.

(xiii) As per the information and explanations and records made available by the management of the company and audit procedures performed, for the related parties transactions entered during the year, the company has complied with the provisions of section 177 and 188 of the Act, where applicable. As explained and as per the records / details, the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards (Refer Note no.49).

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records , the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.

(xvi) According to the information and explanation given to us , the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

N. K. Lodha
Partner
Membership No.085155

Place: New Delhi
Dated:14th May 2018

Annexure – B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of JK Paper Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

N. K. Lodha
Partner
Membership No.085155

Place: New Delhi
Dated:14th May 2018

Balance Sheet as at March 31, 2018

₹ in Crore (10 Million)

Particulars	Note	March 31, 2018	March 31, 2017
ASSETS			
Non-Current Assets			
Property,Plant and Equipment	2	2,602.70	2,634.29
Capital Work-in-Progress		34.40	15.51
Other Intangible Assets	3	0.21	1.41
Financial Assets			
Investments	4	36.85	28.41
Loans	5	53.42	52.90
Other Financial Assets	6	16.52	8.41
Other Non-Current Assets	7	6.12	6.09
		2,750.22	**2,747.02**
Current Assets			
Inventories	8	394.23	382.94
Financial Assets			
Investments	9	127.22	242.59
Trade Receivables	10	109.15	110.81
Cash and Cash Equivalents	11	18.85	15.52
Bank Balances other than above	12	103.17	11.88
Other Financial Assets	13	15.14	9.90
Current Tax Assets (Net)	14	-	1.28
Other Current Assets	15	89.88	71.92
		857.64	**846.84**
Total Assets		**3,607.86**	**3,593.86**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	16	175.50	155.96
Other Equity		1,470.09	1,165.56
		1,645.59	**1,321.52**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	17	971.49	1,299.05
Other Financial Liabilities	18	51.70	53.93
Provisions	19	6.55	5.78
Deferred Tax Liabilities (Net)	20	139.37	97.94
		1,169.11	**1,456.70**
Current Liabilities			
Financial Liabilities			
Borrowings	21	76.03	127.75
Trade Payables	22	254.86	230.94
Other Financial Liabilities	23	334.86	343.45
Other Current Liabilities	24	118.91	105.65
Provisions	25	5.88	7.85
Current Tax Liabilities	26	2.62	-
		793.16	**815.64**
Total Equity and Liabilities		**3,607.86**	**3,593.86**
Significant Accounting Policies	1		

The accompanying notes referred to above form an integral part of the Standalone Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

ARUN BHARAT RAM, SHAILENDRA SWARUP, DHIRENDRA KUMAR, UDAYAN BOSE, M.H. DALMIA, VINITA SINGHANIA, SANDIP SOMANY, R.V. KANORIA — Directors

Statement of Profit & Loss for the year ended March 31, 2018

₹ in Crore (10 Million)

Particulars	Note	2017-18	2016-17
Revenues:			
Sales		3,069.68	2,989.37
Less : Discounts		243.43	252.54
Net Sales		**2,826.25**	**2,736.83**
Other Operating Revenue	27	51.24	27.20
Revenue from Operations		**2,877.49**	**2,764.03**
Other Income	28	25.77	26.45
Total Revenues		**2,903.26**	**2,790.48**
EXPENSES			
Cost of Materials Consumed	29	1,254.37	1,268.40
Purchases of Stock-in-Trade		284.48	222.66
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	30	(10.36)	(4.69)
Employee Benefits Expense	31	231.71	217.97
Finance Costs	32	143.02	187.64
Depreciation and Amortisation Expenses	33	120.89	119.53
Excise Duty		33.22	135.42
Other Expenses	34	470.74	411.84
Total Expenses		**2,528.07**	**2,558.77**
Profit Before Interest, Depreciation & Tax (PBIDT)		**639.10**	**538.88**
Profit/(Loss) Before Tax		**375.19**	**231.71**
Tax Expense			
Current Tax (MAT)		73.03	47.42
Less : MAT Credit Entitlement		(69.41)	(46.59)
Provision / (Credit) for Deferred Tax		111.43	68.05
Profit for the period		**260.14**	**162.83**
Other Comprehensive Income			
Items that will not be reclassified to Profit and Loss			
(i) Re-measurement Gain/(Loss) on Defined Benefit Plans		(1.86)	(4.58)
(ii) Tax on (i) above		0.58	1.41
(iii) Equity Instruments through Other Comprehensive Income		0.01	2.37
(iv) Tax on (iii) above		-	-
Total Other Comprehensive Income for the period		**258.87**	**162.03**
Earnings per Equity Shares			
1) Basic (in ₹)		15.29	10.79
2) Diluted (in ₹)		14.65	9.45
Significant Accounting Policies	1		

The accompanying notes referred to above form an integral part of the Standalone Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

ARUN BHARAT RAM, SHAILENDRA SWARUP, DHIRENDRA KUMAR, UDAYAN BOSE, M.H. DALMIA, VINITA SINGHANIA, SANDIP SOMANY, R.V. KANORIA — Directors

Statement of **Changes In Equity** for the year ended March 31, 2018

A. EQUITY SHARE CAPITAL

₹ in Crore (10 Million)

March 31, 2017	Changes in Equity Share Capital during 2017-18	March 31, 2018
155.96	19.54	175.50

B. OTHER EQUITY

₹ in Crore (10 Million)

Particulars	Equity Pending Allotment (Convertible option exercised by FCCB)	Reserve and Surplus					Other Comprehensive Income (OCI) Items that will not be Reclassified to profit or loss		Total
		Retained Earnings	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Re-measurement of the net defined benefit plans	Equity Instruments through OCI	
March 31, 2017	15.46	466.30	29.92	3.00	422.59	225.59	(5.69)	8.39	1,165.56
Profit for the year		260.14	-	-	-	-	-	-	260.14
FCCB Conversion	(15.46)			-	-	-	-	-	(15.46)
Addition to Equity Share Capital	-		-	-	90.62		-		90.62
Transfer from Retained Earnings	-	(125.00)		-	-	125.00	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	-	(1.28)	0.01	(1.27)
Dividend including Corporate Dividend Tax	-	(29.50)	-	-	-	-	-		(29.50)
March 31, 2018	-	571.94	29.92	3.00	513.21	350.59	(6.97)	8.40	1,470.09

The accompanying notes referred to above form an integral part of the Standalone Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

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SANDIP SOMANY
SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
R.V. KANORIA
Directors

Notes to the Standalone Financial Statement

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies

I. The Company Overview

JK Paper Ltd, a Public Limited Company listed on the National Stock Exchange of India Ltd and the Bombay Stock Exchange Limited. The registered office of the Company is situated at Fort Songadh , Dist- Tapi- 394660, Gujarat. The Company is India's largest producer of branded papers and a leading player in Coated Papers and High-end Packaging Boards. The Company has two integrated Pulp and Paper Plants at Strategic Locations Unit JKPM in East (Rayagada, Odisha) and Unit CPM in West (Songadh, Gujarat). The Company has expanded its capacity multifold over the years and has been able to bring in state of the art technology as well. It is the 1st Indian paper company to introduce Colorlok Technology in its complete range of Copier papers in India,1st Indian paper company to get TPM certification from JIPM, Japan; 3rd Paper Company in the World and also 1st Paper Mill in India to get ISO 9001,ISO 14001 and OHSAS 18000.

These financial statements were approved and adopted by the Board of Directors of the Company in their meeting held on May 14, 2018.

II. Basis of Preparation of Financial Statements

(i) Statement of Compliance :

The Financial Statements have been prepared in accordance with Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013.

(ii) Basis of Preparation:

The separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (India Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) (Amendment) Rules, 2016. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013 ("the Act").

The financial statements have been prepared on an accrual basis and under the historical cost basis.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statements are presented in INR and all values are rounded to the nearest INR Crore (10 Million), except when otherwise indicated.

(iii) Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(iv) Classification of Assets and Liabilities as Current and Non Current

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realisation in cash and cash equivalent, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Standalone Financial Statement *(Contd.)*

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies *(Contd.)*

III. Significant Accounting Policies for the year ended March 31, 2018.

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria described below also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised, when all the significant risks and rewards of ownership of the goods have passed to the buyer, the Company no longer has effective control over the goods sold, the amount of revenue and costs associated with the transaction can be measured reliably and no significant uncertainty exists regarding the amount of Consideration that will be derived from the sales of Goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Export incentives, Duty drawbacks and other benefits are recognized in the Statement of Profit and Loss.

Interest income

Interest income is recognized on time proportion basis using the effective interest method.

Dividend Income

Dividend income is recognized when the right to receive payment is established, which is generally when shareholders approve the same.

Renewal Energy Certificate

Renewable Energy Certificate (REC) benefits are recognized in Statement of Profit & Loss on sale of REC's.

(ii) Inventory Valuation

Inventories such as Raw Materials, Work-in-Progress, Finished Goods, Stock in Trade, Stores & Spares and Renewable Energy Certificates are valued at the lower of cost and net realisable value (except scrap/waste which are value at net realisable value). The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

(iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand cash at bank and demand deposits with banks with an original maturity of three months or less which are subject to an insignificant risk of change in value.

(iv) Property Plant and Equipment

On transition to IND AS, the company has adopted optional exception under IND AS 101 to measure Property, Plant and Equipment (PPE) at fair value. Consequently the fair value has been assumed to be deemed cost of PPE on the date of transition. Subsequently PPE are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

PPE acquired are stated at cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Capital work-in-progress includes cost of PPE under installation / under development as at the balance sheet date. Advances paid towards the acquisition of PPE outstanding at each balance sheet date is classified as capital advances under other non-current assets.

Subsequent expenditures relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.

Notes to the Standalone **Financial Statement** *(Contd.)*

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies *(Contd.)*

Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method over their useful lives as prescribed under Schedule II of Companies Act, 2013. Depreciation on additions due to exchange rate fluctuation is provided on the basis of residual life of the assets. Depreciation on assets costing up to Rs.5000/- and on Temporary Sheds is provided in full during the year of additions.

Depreciation will be charged from the date the assets is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leased Assets

Leasehold lands are amortized over the period of lease, Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

Intangible Assets

Intangible Assets are recognised, if the future economic benefits attributable to the assets are expected to flow to the company and cost of the asset can be measured reliably. All other expenditure is expensed as incurred. The same are amortised over the expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any and are amortised over their respective individual estimated useful life on straight line method.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted prospectively, if appropriate.

(v) Research and Development Costs

Revenue expenditure on Research and Development is charged to statement of Profit and loss in the year in which it is incurred and capital expenditure is added to Fixed Asset.

(vi) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance Lease

Finance Lease that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability .Finance charges are recognised in finance costs in the statement of profit and loss unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Lease

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Payments under operating lease are recorded in the Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

Notes to the Standalone Financial Statement *(Contd.)*

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies *(Contd.)*

(vii) Impairment

The carrying amount of PPEs, Intangible assets and Investment property are reviewed at each Balance Sheet date to assess impairment if any, based on internal / external factors. An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value, being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount.

(viii) Financial Assets & Liabilities

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

(a) Financial Assets at Amortised Cost

At the date of initial recognition, Financial Assets are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial Assets at Fair value through Other Comprehensive Income

At the date of initial recognition, Financial Assets are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

(c) Financial Assets at Fair value through Profit or Loss

At the date of initial recognition, Financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Trade Receivables

A Receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Investment in Equity Shares

Investments in Equity Securities are initially measured at cost. Any subsequent fair value gain or loss is recognized through Profit or

Notes to the Standalone Financial Statement *(Contd.)*

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies *(Contd.)*

Loss if such investments in Equity Securities are held for trading purposes. The fair value gains or losses of all other Equity Securities are recognized in Other Comprehensive Income.

Investment in Associates, Joint Ventures and Subsidiaries

The Company has accounted for its investment in subsidiaries, associates and joint venture at cost.

Investments in Mutual Funds

Investments in Mutual Funds are accounted for at cost. Any subsequent fair value gain or loss is recognized through Profit or Loss Account.

Derecognition

Financial Asset is primarily derecognised when:

(i) The right to receive cash flows from asset has expired, or.

(ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a " pass-through" arrangement and either:

   a) The Company has transferred substantially all the risks and rewards of the asset, or

   b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below :

a) **Financial Liabilities at Fair Value through Profit or Loss**

   Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date with all the changes recognized in the Statement of Profit and Loss.

b) **Financial Liabilities measured at Amortised Cost**

   After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR") except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies *(Contd.)*

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

c) Loans and Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

d) Trade and Other Payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition of Financial Liability

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Offsetting of Financial Instruments

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Compound Financial Instruments

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(ix) Foreign Exchange Transactions / Translations / Hedge Accounting

Financial statements are presented in Indian Rupee, which is Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Financial instruments designated as Hedge Instruments are mark to market using the valuation given by the bank on the reporting date.

Notes to the Standalone Financial Statement *(Contd.)*

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies *(Contd.)*

Exchange differences arising on settlement of monetary items on actual payments / realisations and year end translations including on forward contracts are dealt with in Profit and Loss Statement except exchange differences arising on those Long term foreign currency monetary items, related to acquisition of depreciable capital assets being carried forward from previous GAAP, which are adjusted to cost of such assets and depreciated over their balance life pursuant to the option in Notification No.G.S.R 914(E) dated 29th December, 2011 issued by Ministry of Corporate Affairs. Non Monetary Foreign Currency items are stated at cost.

(x) Employee Benefits

a) Defined Contribution Plan:

The Company makes defined contribution to Superannuation Funds, which are accounted on accrual basis as expenses in the statement of Profit and Loss.

b) Defined Benefit Plan:

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19., 'Employee Benefits' These liabilities are funded on year-to-year basis by contribution to respective funds. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each yearend. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, is made to trust administered by the trustees. The interest rate to the members of the trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. The Employer shall make good deficiency, if any.

The Defined Benefit Plan can be short term or Long terms which are defined below:

i) Short-term Employee Benefit

All employees' benefits payable wholly within twelve months rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

ii) Long-term employee Benefits

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

c) Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred. The Company shall recognise a liability and expense for termination benefits at the earlier of the following dates:

(a) When the entity can no longer withdraw the offer of those benefits; and

(b) When the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

(xi) Earnings per Share (EPS)

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies *(Contd.)*

number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(xii) Income Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum Alternate Tax

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

(xiii) Provisions and Contingent Liabilities /Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Notes to the Standalone Financial Statement *(Contd.)*

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies *(Contd.)*

(xiv) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xvi) Fair Value Measurements

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
  Or
- In the absence of a principal market , in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.
  All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;
- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
  For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(xvii) Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements which have significant effect on the amounts recognized in the financial statement:

a. Income taxes

Judgment of the Management is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

b. Contingencies

Judgment of the Management is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

Note 1. Company Overview, Basis of Preparation & Significant Accounting Policies *(Contd.)*

c. Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on ECL, which are the present value of the cash shortfall over the expected life of the financial assets.

d. Defined Benefit Plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These Includes the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(xviii) Recent Accounting Pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company is evaluating the requirement of the amendment and the effect of this on the financial statements will be given in the due course.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 2. PROPERTY, PLANT AND EQUIPMENT (PPE)

₹ in Crore (10 Million)

Description	Gross Carrying Value				Depreciation				Net Carrying Value	
	April 1, 2017	Additions/ Adjustments	Sales/ Adjustments	March 31, 2018	April 1, 2017	For the year	On Sales/ Adjustments	March 31, 2018	March 31, 2018	March 31, 2017
Land - Freehold (a)	275.33	-	-	275.33	-	-	-	-	275.33	275.33
- Leasehold	82.76	-	-	82.76	2.94	1.47	-	4.41	78.35	79.82
Building	283.61	3.66	-	287.27	20.11	10.87	-	30.98	256.29	263.50
Plant & Equipment (b)	2,140.04	77.05	0.41	2,216.68	145.81	102.71	0.24	248.28	1,968.40	1,994.23
Furniture and Fixture	1.86	0.11	0.09	1.88	0.61	0.29	0.09	0.81	1.07	1.25
Office Equipment	7.48	1.91	1.14	8.25	3.03	1.84	1.07	3.80	4.45	4.45
Vehicles & Locomotive	14.71	6.79	2.46	19.04	1.10	2.32	1.25	2.17	16.87	13.61
Railway Siding	2.57	-	-	2.57	0.47	0.16	-	0.63	1.94	2.10
Total	2,808.36	89.52	4.10	2,893.78	174.07	119.66	2.65	291.08	2,602.70	2,634.29
Previous year	2,862.42	14.86	68.92	2,808.36	114.11	118.30	58.34	174.07	2,634.29	

Notes:

a) Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees and cost of 34.72 acres land of ₹20.24 Crore for which title is yet to be transferred in name of the Company.

b) During the year ₹25.92 Crore has been added in Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year ₹37.35 Crore was deducted) .

NOTE 3. OTHER INTANGIBLE ASSETS

₹ in Crore (10 Million)

Description	Gross Carrying Value				Amortisation				Net Carrying Value	
	April 1, 2017	Additions/ Adjustments	Sales/ Adjustments	March 31, 2018	April 1, 2017	For the year	On Sales/ Adjustments	March 31, 2018	March 31, 2018	March 31, 2017
Computer Software	3.87	0.03	-	3.90	2.46	1.23	-	3.69	0.21	1.41
Total	3.87	0.03	-	3.90	2.46	1.23	-	3.69	0.21	1.41
Previous year	3.87	-	-	3.87	1.23	1.23	-	2.46	1.41	

NOTE 4. NON- CURRENT INVESTMENTS

₹ in Crore (10 Million)

Particulars	Face Value ₹/Share	March 31, 2018		March 31, 2017	
		No. of Share	Value	No. of Share	Value
Quoted, Equity shares fully paid up					
Investment Carried at Fair Value through OCI					
JK Lakshmi Cement Ltd.	5/-	1,91,000	8.84	1,91,000	8.83
Unquoted, Equity shares fully paid up					
Investments Carried at Cost					
Investment in Equity instruments of Subsidiaries					
JK Enviro-tech Ltd.	10/-	16,50,000	1.68	16,50,000	1.68
Songadh Infrastructure & Housing Ltd.	10/-	49,50,600	4.95	49,50,600	4.95
Jaykaypur Infrastructure & Housing Ltd.	10/-	49,50,600	4.95	49,50,600	4.95
JK Paper International (Singapore) Pte. Ltd.	USD 1	25,00,000	16.43	11,91,000	8.00
Investment in Others					
JK Paper Mills Employees' Co-operative Stores Ltd. (CY ₹2500/- ,PY ₹2500/-)	10/-	250	0.00	250	0.00
			36.85		28.41
Aggregate book value of unquoted investments			28.01		19.58
Aggregate market value of quoted investments			8.84		8.83

Notes to the Standalone **Financial Statement** *(Contd.)*

NOTE 5. NON CURRENT FINANCIAL ASSETS - LOANS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Unsecured considered good :-		
Loans and advances to related parties (Subsidiaries)		
Jaykaypur Infrastructure & Housing Ltd	27.50	27.50
Songadh Infrastructure & Housing Ltd	8.00	8.00
Other Loans & Advances (at amortised cost)		
JK Paper Employees` Welfare Trust	17.92	17.40
TOTAL	53.42	52.90

NOTE 6. NON CURRENT FINANCIAL ASSETS - OTHERS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Deposits with Government Authorities	5.98	4.18
Derivative Financial Instruments (at fair value through P&L)	7.62	1.12
Others	2.92	3.11
TOTAL	16.52	8.41

NOTE 7. OTHER NON CURRENT ASSETS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Capital Advances	1.74	1.24
Deposits with Government Authorities and Others	4.38	4.85
TOTAL	6.12	6.09

NOTE 8. INVENTORIES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Raw Materials #	211.99	214.98
Work-in-Progress @	11.28	17.49
Finished Goods	67.03	94.26
Stock in Trade	53.11	15.88
Stores & Spares #	50.82	40.11
Renewable Energy Certificates	-	0.22
TOTAL	394.23	382.94

Includes Raw Materials in transit ₹3.68 Crore (As at 31-03-17 ₹9.89 Crore) and Stores & Spares in transit ₹0.8 Crore (As at 31-03-17 ₹2.48 Crore).

@ Includes Pulp in process ₹3.81 Crore (As at 31-03-17 ₹5.33 Crore) and Semi Finished Goods ₹7.29 Crore (As at 31-03-17 ₹12.16 Crore).

NOTE 9. CURRENT INVESTMENTS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Investments in Mutual Funds- at fair value through P&L		
Investment in Liquid Fund	127.22	242.59
TOTAL	127.22	242.59
Aggregate book value of quoted investments	127.22	242.59

Notes to the Standalone **Financial Statement** *(Contd.)*

NOTE 10. TRADE RECEIVABLES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Unsecured		
Considered Good	109.15	110.81
Considered Doubtful	0.20	15.43
	109.35	**126.24**
Less: Allowance for Doubtful Debts	0.20	15.43
TOTAL	**109.15**	**110.81**

NOTE 11. CASH AND CASH EQUIVALENTS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Cash & Cash Equivalents		
Current Accounts	18.48	15.05
Cheques/Drafts on hand	0.08	0.01
Cash on Hand	0.29	0.46
TOTAL	**18.85**	**15.52**

NOTE 12. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Other Bank Balances		
Unclaimed Dividend Accounts	0.13	0.12
Fixed Deposit with Scheduled Banks #	103.04	11.76
TOTAL	**103.17**	**11.88**

Includes ₹0.45 Crore (As at 31-03-17 ₹1.48 Crore) pledged with Government Authorities.

NOTE 13. CURRENT FINANCIAL ASSETS - OTHER

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Unsecured considered good :-		
Advances to Related Parties- (Subsidiaries)		
Jaykaypur Infrastructure & Housing Ltd.	4.79	4.23
Advances Recoverable	2.65	1.07
Interest Accrued but not due	4.53	3.79
Advances to Employees	0.55	0.72
Derivative Financial Instruments (at fair value through P&L)	2.62	0.09
TOTAL	**15.14**	**9.90**

NOTE 14. CURRENT TAX ASSETS (NET)

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Advance Income Tax/ Tax deducted at source (Net of Provision)	-	1.28
TOTAL	-	1.28

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 15. OTHER CURRENT ASSETS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Advances Recoverable	8.39	10.71
Advances to Suppliers	61.45	28.18
Indirect Tax Recoverable	14.49	29.49
Other Deposits	1.13	2.89
Prepaid Finance Charges	4.42	0.65
Doubtful Advances		
Other	0.49	1.93
	90.37	**73.85**
Less : Allowance for Doubtful Advances	0.49	1.93
TOTAL	**89.88**	**71.92**

NOTE 16. SHARE CAPITAL

Particulars	March 31, 2018	March 31, 2017
Authorised :		
Equity Shares - 30,00,00,000	300.00	300.00
(30,00,00,000 Equity Share of ₹10 each as at 31-03-2017)		
Redeemable Preference Shares - 2,00,00,000	200.00	200.00
(2,00,00,000 Share of ₹100 each as at 31-03-2017)		
	500.00	500.00
Issued, Subscribed and Paid-up :		
Equity Shares - 17,55,00,850 (15,59,58,865 Equity Share of	175.50	155.96
₹10 each fully paid up a at 31-03-2017)		
	175.50	155.96
Notes :		
a. Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	15,59,58,865	14,85,30,625
Add : Shares issued during the year	1,95,41,985	74,28,240
Shares outstanding at the end of the year	17,55,00,850	15,59,58,865

b. Equity Shares:

The Equity Shareholders have:-

- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing general meeting.
- The Company has only one class of Equity Shares having face value of ₹10/- each and each shareholder is entitled to one vote per share.
- In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their individual shareholding in the paid up equity capital of the Company.

c. List of Shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers) :

Particulars	March 31, 2018	March 31, 2017
Bengal & Assam Company Ltd.	3,64,18,299	3,64,18,299
BMF Investments Ltd.	3,00,89,797	3,00,89,797
Florence Investech Limited	1,18,33,332	1,18,33,332
Trustees, JK Paper Employees Welfare Trust	98,28,655	98,28,655

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 17. NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
SECURED		
Term Loan		
From Banks	1,000.66	1,261.13
From Financial Institutions	178.65	127.13
UNSECURED		
Foreign Currency Convertible Bonds (FCCB's)	19.33	117.72
Loan from Related Party	7.45	39.63
Public Deposits	27.41	24.34
	1,233.50	**1,569.95**
Less : Current Maturities of Long Term Borrowings	262.01	270.90
TOTAL	**971.49**	**1,299.05**

A. Term Loans of ₹433.46 Crore (FIs – ₹27.28 Crore, Banks ₹406.18 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets of the company . Out of the above Term Loan, ₹195.89 Crore (FIs - ₹27.28 Crore, Banks ₹168.61 Crore) are further secured by second charge on the current assets of the Company. These Term Loans are/shall repayable as under :-

1 Term Loans of ₹2.17 Crore is repayable in June 2018.

2 Term Loans aggregating to ₹431.29 Crore are repayable in total 191 quarterly instalments from June 2018 to October 2024.

B. Term Loans of ₹758.51 Crore (FIs – ₹152.00, Banks ₹606.51 Crore) is secured by means of first pari passu mortgage/charge on the fixed assets, both present and future, of Unit JKPM of the company. These Term Loans are/shall repayable as under :-

1 Term Loans aggregating to ₹298.80 Crore are repayable in total 61 equal Quarterly-instalments from June 2018 to September 2027.

2 Term Loans aggregating to ₹313.96 Crore are repayable in total 34 equal half-yearly instalments from May 2018 to August 2023.

3 Term Loans aggregating to ₹145.75 Crore are repayable in total 40 quaterly instalmenst from May 2018 to May 2022.

C. Term Loans aggregating to ₹1.91 Crore (FIs – ₹ Nil, Banks ₹1.91) are secured by specific charge on the Vehicle hypothicated against these loans. These Term Loans are repayable in total 57 monthly instalments from April 2018 to December 2022.

D. Secured Term loans from Financial Institutions and Banks have been reduced by ₹14.57 Crore (FIs – ₹0.63 Crore, Banks ₹13.94 Crore) due to effective rate of interest.

E. Certain charges are in the process of satisfaction. Secured Term loans from Financial Institutions and Banks include ₹378.53 Crore foreign currency loans.

F. FCCB`s of EURO 2.40 Million @ 6.455% issued on 30th May, 2011 are convertible into equity shares of the company at an initial conversion price of ₹65 per share, subject to price adjustment as per agreement, after 3 years and 6 months from the date of issue. The Company has received a request from the FCCB Holder on 4th May, 2018 for conversion of their FCCB's (series-5) into equity shares and the company has allotted the equity shares on 8th May 2018. The amount of FCCB has been reduced by ₹0.02 Crore due to effective rate of interest.

G. Term Loan of ₹7.50 Crore from related party is repayable in 47 monthly installment from June 2018 to April 2022. The amount of Loan from related party has been reduced by ₹0.05 Crore due to effective rate of interest.

H. Public Deposits are due for repayment in 2018-19, 2019-20 & 2020-21.

Notes to the Standalone **Financial Statement** *(Contd.)*

NOTE 18. NON CURRENT FINANCIAL LIABILITIES - OTHER

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Trade Deposits	48.25	45.96
Interest Accrued but not due on Loans	1.21	5.08
Derivative Financial Instruments (at fair value through P&L)	2.24	2.89
TOTAL	**51.70**	**53.93**

NOTE 19. NON CURRENT PROVISIONS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Provision for Employee Benefits (refer note 48)	6.55	5.78
TOTAL	**6.55**	**5.78**

NOTE 20. DEFERRED TAX LIABILITIES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	421.72	404.70
Tax on carried forward unabsorbed Depreciation	(125.19)	(225.05)
Tax on Others	9.11	15.15
a. **Total Deferred Tax Liability**	**305.64**	**194.80**
Opening MAT Credit Entitlements	(96.86)	(50.27)
Current MAT Credit Entitlement	(69.41)	(46.59)
b. **Total MAT Credit Entitlement**	**(166.27)**	**(96.86)**
c. **Net Deferred Tax Liability (a+b)**	**139.37**	**97.94**

Based on the past performance and current plans, the Company expects to continue to generate taxable income which will enable it to utilise MAT credit entitlement.

NOTE 21. CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
SECURED		
Working Capital Borrowings from Bank	50.89	74.60
UNSECURED		
Vendor Bill Discounting	1.31	6.92
Buyer's Credit facilities from Bank	22.10	45.79
Public Deposits	1.73	0.44
TOTAL	**76.03**	**127.75**

Working Capital Borrowings are secured by hypothecation of Raw Materials, Finished Goods, Stock-in-Process, Stores & Spares and Book Debts. The same are further secured by a second charge on the movable and immovable assets of the Company.

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 22. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLE

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Trade Payable		
Total outstanding dues of Micro and Small Enterprises (refer note 47)	0.55	0.19
Total Outstanding dues of Creditors other than Micro and Small Enterprises	254.31	230.75
TOTAL	254.86	230.94

NOTE 23. CURRENT FINANCIAL LIABILITIES - OTHER

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Current Maturities of Non Current Borrowings	262.01	270.90
Interest Accrued but not due	14.43	16.45
Unclaimed Dividends #	0.13	0.12
Unclaimed Matured Deposits #	0.72	0.59
Unclaimed Interest on Unclaimed Matured Deposits #	0.11	0.09
Advances from related parties (Subsidiary)		
Songadh Infrastructure & Housing Ltd.	0.73	0.82
Derivative Financial Instruments (at fair value through P&L)	0.41	1.44
Capital Creditors	1.17	4.80
Other Payables	55.15	48.24
TOTAL	334.86	343.45

Investor Education and Protection Fund will be credited as & when due.

NOTE 24. OTHER CURRENT LIABILITIES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Advance from Customers	7.17	4.92
Statutory Dues	16.00	21.56
Other Payables	95.74	79.17
TOTAL	118.91	105.65

NOTE 25. SHORT TERM PROVISIONS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Provision for Employee Benefits	5.88	7.85
TOTAL	5.88	7.85

NOTE 26. CURRENT TAX LIABILITIES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Provision for Income Tax (Net of Advance tax)	2.62	-
TOTAL	2.62	-

NOTE 27. OTHER OPERATING REVENUES

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Insurance Charges Recovered	-	0.67
Miscellaneous Income	51.24	26.53
TOTAL	51.24	27.20

Notes to the Standalone **Financial Statement** *(Contd.)*

NOTE 28. OTHER INCOME

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Interest Income	10.31	11.06
Dividend Income (PY ₹47,750/-)	0.01	0.00
Profit on Sale/Fair value of Current investment	15.45	14.63
Foreign Exchange Fluctuation	-	0.76
TOTAL	**25.77**	**26.45**

NOTE 29. COST OF MATERIALS CONSUMED

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Hardwood & Bamboo	611.13	671.74
Pulp	252.68	213.97
Chemicals	291.27	280.08
Packing Material	99.29	102.61
TOTAL	**1,254.37**	**1,268.40**

NOTE 30. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Inventories at the beginning of the year		
Finished Goods	94.26	85.70
Stock in Trade	15.88	11.90
Work-in-Progress	17.49	23.59
Renewable Energy Certificates	0.22	0.21
	127.85	121.40
Inventories at the end of the year		
Finished Goods	67.03	94.26
Stock in Trade	53.11	15.88
Stock-in-Process	11.28	17.49
Renewable Energy Certificates	-	0.22
	131.42	127.85
Add:- Excise Duty on Variation of Stock	(6.79)	1.76
(Increase)/ Decrease in Stock TOTAL	(10.36)	(4.69)

NOTE 31. EMPLOYEE BENEFIT EXPENSES

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Salaries, Wages, Allowances, etc.	213.13	200.80
Contribution to Provident and Other Funds	12.21	10.79
Staff Welfare Expenses	6.37	6.38
TOTAL	**231.71**	**217.97**

Notes to the Standalone **Financial Statement** *(Contd.)*

NOTE 32. FINANCE COST

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Interest on:		
Term Loan and Fixed Deposits	122.88	157.35
Others	9.80	13.01
Other Borrowing Costs:		
Financial Charges	12.85	10.55
Premium on Forward Exchange Contracts	0.47	0.34
Lease rent on Machinery	-	0.03
Net (Gain) or Loss on Foreign Currency Transaction	(2.98)	6.36
TOTAL	**143.02**	**187.64**

NOTE 33. DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Depreciation on Property Plant & Equipment	119.66	118.30
Amortisation of Other Intangible Assets	1.23	1.23
TOTAL	**120.89**	**119.53**

NOTE 34. OTHER EXPENSES

₹ in Crore (10 Million)

Particulars	2017-18		2016-17	
Consumption of Stores and Spares		60.03		58.80
Power, Fuel and Water		245.59		212.38
Repairs to Building		11.07		7.98
Repairs to Machinery		24.54		29.95
Rent (Net)		16.80		17.56
Insurance		4.06		2.26
Rates and Taxes		0.88		0.78
Commission on Sales		3.74		2.21
Directors' Fees		0.14		0.17
Directors' Commission		1.99		1.22
Foreign Exchange Fluctuation		3.06		-
Loss on Sale of Assets		0.17		0.01
Asset Written off		0.10		0.08
Bad Debts	17.70		0.60	
Less: Withdrawal from Provision for Doubtful Debts	15.42		0.35	
Less: Withdrawal from Provision for Doubtful Advance	1.44	0.84	-	0.25
Provision for Doubtful Debts		0.19		2.70
Other Miscellaneous Expenses		97.54		75.49
TOTAL		**470.74**		**411.84**

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 35. CONTINGENT LIABILITIES & COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Crore (10 Million)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
Contingent Liabilities:			
a)	**Claim against the company not acknowledged as debts.**		
	Excise duty/ Custom duty/Service tax liability in respect of matter in appeals	18.08	14.91
	Sales tax/ VAT/Octroi liability in respect of matter in appeals	0.91	0.91
	Income tax liability that may arise in respect of matters in appeal referred by the department	0.77	0.69
	Other matters	7.26	7.26
b)	**Commitments:**		
	Contracts remaining to be executed on capital account (Net of Advances)	47.45	14.92
	Export commitments against import of capital goods under EPCG scheme	160.83	399.40

In respect of certain disallowances and additions made by the income tax authorities, appeals are pending before the appellate authorities and adjustments , if any, will be made after the same are finally determined.

NOTE 36.

In respect of levy of Octroi pertaining to Unit - CPM by Songadh Group Gram Panchayat, the Company has paid ₹1.25 Crore till March 31, 1997 under protest and also created a liability of the similar amount. As the matter is still pending in the court of law, the necessary adjustment, if any, would be made after its disposal.

NOTE 37. EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITIES

Details of expenditure on Corporate Social Responsibility Activities as per Section 135 of Companies Act , 2013 read with schedule III are as below:

₹ in Crore (10 Million)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
1.	**Gross amount required to be spent by the Company during the year**	2.12	NA
2.	**Amount spent during the year**		
	Promotion of Education	1.11	0.13
	Health Care	0.45	0.09
	Others	0.50	0.97
	TOTAL	**2.06**	**1.19**

NOTE 38. **i. Disclosure of loan and advances as per regulation 34(3) and 53(f) read with Schedule V of SEBI (LODR) regulation of listing regulation with Stock Exchanges:**

₹ in Crore (10 Million)

Name of the Company		Balance as at		Maximum outstanding during	
		Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
a.	Loans and advances in the nature of loans given to subsidiaries				
	JK Enviro-Tech Limited	-	-	-	1.00
	Jaykaypur Infrastructure & Housing Ltd.	27.50	27.50	27.50	28.50
	Songadh Infrastructure & Housing Ltd.	8.00	8.00	8.00	8.00
b.	Loans and advances in the nature of loans where repayment schedule is not specified	Nil	Nil	Nil	Nil
c.	Loans and advances in the nature of loans where interest is not charged	Nil	Nil	Nil	Nil

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 38. *(Contd.)*

₹ in Crore (10 Million)

Name of the Company	Balance as at		Maximum outstanding during	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
ii. Loans given to JK Paper Employees` Welfare Trust	17.93	17.40	17.93	20.98

iii. Details of loans given, investments made and guarantee given are covered U/s 186(4) of the Companies Act 2013.

The company has given loan to Subsidiaries and other parties mentioned above in the ordinary course of business for general business purpose.

NOTE 39. Advances recoverable shown under "Other Current Assets" in Note No.15 ,includes ₹ NIL (Previous Year ₹4.27 Crore) payments made for various development projects being undertaken by the Company.

NOTE 40.

a) Sales include export incentives of ₹11.08 Crore (Previous year ₹9.29 Crore).

b) Interest Income includes ₹1.41 Crore (Previous year ₹0.98 Crore) on Deposits with Banks, ₹0.05 Crore (Previous year ₹0.28 Crore) on Income Tax refund and ₹8.85 Crore (Previous year ₹9.80 Crore) on others.

c) Scrap sale of ₹8.87 Crore (Previous year ₹7.34 Crore) has been netted off from Consumption of Stores and Spares.

NOTE 41. LEASES

a) The Company has taken office spaces on operating lease basis. The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend up to a maximum of 7 years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

Obligations on long-term, non-cancellable operating leases:

The lease rentals charged during the year is as under:

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Lease Rentals recognized during the year (Excluding Tax)	7.12	6.18
The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:		
Future minimum lease payable		
Not later than one year	7.44	6.18
Later than one year and not later than five years	23.80	23.68
Later than five years	0.32	-

b) The Company had entered into non cancellable finance lease agreement with IBM dated 30th December 2011 to install a server from 1st March 2012 to 28th February 2017.

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2017
Lease rentals recognized during the year	-	-	0.35	-
Future minimum lease payable	Future Minimum lease payment	Present Value	Future Minimum lease payment	Present Value
Not later than one year	Nil	Nil	Nil	Nil
Later than one year and not later than five years	Nil	Nil	Nil	Nil
Later than five years	Nil	Nil	Nil	Nil

Notes to the Standalone **Financial Statement** *(Contd.)*

Note 42. EXPENDITURE ON RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a. Revenue Expenditure *		
Employee Cost	2.09	2.29
Cost of Materials	0.54	1.26
Other Expenses	0.34	0.72
Sub Total	**2.97**	**4.27**
b. Capital Expenditure	0.89	0.10
Total (a+b)	**3.86**	**4.37**

* Included in respective revenue accounts.

NOTE 43. OTHER DISCLOSURE REQUIRED BY STATUTE

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Auditors Remuneration (including taxes)		
1. Statutory Auditors		
i. Audit Fee	0.19	0.18
ii. Tax Audit Fee	0.03	0.02
iii. Certification/other Services	0.20	0.28
iv. Out of Pocket Expenses	0.02	0.02
TOTAL	**0.44**	**0.50**
2. Cost Auditors		
i. Audit Fee	0.01	0.01
ii. Out of Pocket Expenses (CY ₹15,458/- PY ₹11,550/-)	0.00	0.00
TOTAL	**0.01**	**0.01**

NOTE 44. EXPENSES INCLUDED UNDER OTHER HEADS OF ACCOUNT

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, Wages and Allowances etc.	6.08	5.45
Contribution to Provident and Other Funds	0.22	0.16
Employees' Welfare and Other benefits	0.37	0.31
Consumption of Stores and Spares	0.20	0.39
Rent	0.10	0.11
Insurance	0.01	0.02
Rates and Taxes	-	0.01
Miscellaneous Expenses	(0.19)	1.92
TOTAL	**6.79**	**8.37**

NOTE 45.

a) During the year, the Company has allotted 1,95,41,985 Equity Shares of ₹10/- each upon conversion of FCCBs Series-3 & 4 of Euro 6.5 million each and FCCBs Series 5 of Euro 4.1 million.

b) The Company has allotted 27,42,735 Equity Shares of ₹10/- each upon conversion of FCCBs (Series 5) of Euro 2.40 million, after the financial year ended March 31, 2018.

Notes to the Standalone Financial Statement (Contd.)

NOTE 46. EARNING PER SHARE

₹ in Crore (10 Million)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
a.	Profit (Operating) after tax for Basic Earnings Per share	260.14	162.83
	Add: Interest on Foreign Currency Convertible Bonds (FCCBs) (net of tax)	0.91	7.14
	Profit for Diluted Earnings Per Share	**261.05**	**169.97**
b.	Weighted Average Number of Ordinary Shares		
	Basic	17,01,22,773	15,08,71,029
	Effect of Conversion Option	81,20,814	2,89,78,567
	Diluted	**17,82,43,587**	**17,98,49,596**
c.	Nominal Value of Ordinary Shares	₹10/-	₹10/-
d.	Earning Per Ordinary Share (Rs.)		
	Basic	15.29	10.79
	Diluted	14.65	9.45

NOTE 47. THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures relating to dues of Micro and Small entrprises under section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

₹ in Crore (10 Million)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
a.	Principal amount and Interest due thereon remaining unpaid to any supplier as on	NIL	NIL
b.	Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during the accounting year.	NIL	NIL
c.	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	NIL	NIL
d.	the amount of interest accrued and remaining unpaid	NIL	NIL
e.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	NIL	NIL

NOTE 48. EMPLOYEE BENEFITS

The Company participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds. For defined contribution schemes the amount charged to the statements of profit or loss is the total of contributions payable in the year.

a) Defined Contribution Plans

Amount recognized as an expense and included in Note 31 Item "Contribution to Provident and Other Funds ₹0.60 Crore (Previous year ₹0.67 Crore) for Superannuation Fund.

b) Other long-term benefits

Amount recognized as an expense and included in Note 31 Item "Salaries, Wages, Allowances etc. ₹3.21 Crore (Previous year ₹3.72 Crore) for long term compensated Absences.

Notes to the Standalone **Financial Statement** *(Contd.)*

NOTE 48. EMPLOYEE BENEFITS *(Contd.)*

c) Defined benefits plans

(i) Amount recognized as an expense and included in Note 31 & Note 44 "Contribution to Provident and Other Funds" ₹9.10 Crore (Previous year ₹8.25 Crore) for Provident and other fund.

(ii) Gratuity Expense ₹2.73 Crore (Previous year ₹2.03 Crore) has been recognized in "Contribution to Provident and Other Funds" under Note 31 as per Actuarial Valuation.

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
	Funded	Non-Funded	Funded	Non-Funded
I Change in present value of obligation during the year				
Present value of obligation at the beginning of the year	36.62	6.23	31.04	4.43
Included in profit and loss:				
- Current Service Cost	1.96	1.09	1.76	1.35
- Interest Cost	2.67	0.45	2.50	0.36
- Past Service Cost	0.29	-	-	-
- Actuarial Gain/(Loss)	-	1.12	-	2.13
Included in OCI:				
Actuarial losses/(gains) arising from:				
- Experience adjustments	2.48	-	4.30	-
- Financial assumption	(1.18)	-	1.61	-
Others				
Benefits Paid	(5.12)	(2.33)	(4.59)	(2.04)
Present Value of obligation as at year-end	**37.72**	**6.56**	**36.62**	**6.23**
II Change in Fair Value of Plan Assets during the year				
Plan assets at the beginning of the year	30.02	-	27.77	-
Included in profit and loss:				
Expected return on plan assets	2.19	-	2.23	-
Included in OCI:			-	
Actuarial Gain/(Loss) on plan assets	(0.55)	-	1.34	-
Others:				
Employer's contribution	6.60	-	3.27	-
Benefits paid	(5.12)	-	(4.59)	-
Plan assets at the end of the year	**33.14**	-	**30.02**	-
The plan assets are managed by the Gratuity Trust formed by the Company.				
III Reconciliation of Present value of Defined Benefit Obligation and Fair Value of Plan Assets				
1 Present Value of obligation as at year-end	(37.72)	-	(36.62)	-
2 Fair value of plan assets at year -end	33.14	-	30.02	-
3 Funded status {Surplus/(Deficit)}	(4.58)	-	(6.60)	
Net Asset/(Liability)	**(4.58)**	-	**(6.60)**	-

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 48. EMPLOYEE BENEFITS *(Contd.)*

₹ in Crore (10 Million)

	Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
		Gratuity	Long term Compensated Absences	Gratuity	Long term Compensated Absences
		Funded	Non-Funded	Funded	Non-Funded
IV	**Expenses recognised in the Statement of Profit and Loss**				
1	Current Service Cost	1.96	-	1.76	-
2	Interest Cost	2.67	-	2.50	-
3	Past service Cost	0.29	-	-	-
4	Expected return on plan assets	(2.19)	-	(2.23)	-
	Total Expense	**2.73**	**-**	**2.03**	**-**
V	**Expenses recognised in the Statement of Other Comprehensive Income**				-
1	Net Actuarial (Gain)/Loss	1.30	-	5.91	-
2	Expected return on plan assets excluding interest income	0.55	-	(1.34)	-
	Total Expense	**1.85**	**-**	**4.57**	**-**
VI	**Constitution of Plan Assets**				
1	Equity Instruments	-	-	-	-
2	Debt Instruments	-	-	-	-
3	Property	-	-	-	-
4	Insurance	33.14	-	30.02	-
VII	**Bifurcation of PBO at the end of the year**				
1	Current Liability	4.58	-	5.00	-
2	Non-Current Liability	-	-	1.60	-
VIII	**Actuarial Assumptions**				
1	Discount Rate	7.78%	7.78%	7.29%	7.29%
2	Expected rate of return on plan assets	7.78%	-	7.29%	-
3	Mortality Table	IALM (2006-08)		IALM (2006-08)	
4	Salary Escalation	5.00%		5.00%	
5	Turnover Rate	Age up to 30-3%, up to 44-2%, above 44-1%		Age up to 30-3%, up to 44-2%, above 44-1%	
IX	The expected contribution for Defined Benefit Plan for the next financial year will be ₹3.77 Crore				

X.	**Experience Adjustment : Gratuity**	2017-18	2016-17	2015-16	2014-15	2013-14
	Present Value of obligation	37.72	36.62	31.04	28.24	30.97
	Fair value of Plan assets	33.14	30.02	27.77	29.98	29.58
	Net Asset/(Liability)	(4.58)	(6.60)	(3.27)	1.74	(1.39)
	Actuarial (Gain)/Loss on plan obligation	2.48	4.30	3.62	(4.55)	2.69
	Actuarial Gain/(Loss) on plan assets	(0.55)	1.34	(0.21)	1.19	(0.67)
	Long term Compensated Absences	2017-18	2016-17	2015-16	2014-15	2013-14
	Present Value of obligation	6.56	6.23	4.43	4.25	3.91
	Fair value of Plan assets	-	-	-	-	-
	Net Asset/(Liability)	(6.56)	(6.23)	(4.43)	(4.25)	(3.91)
	Actuarial Gain/(Loss) on plan obligation	(1.36)	(1.82)	(0.87)	(0.35)	(1.15)
	Actuarial Gain/(Loss) on plan assets	-	-	-	-	-

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 48. EMPLOYEE BENEFITS *(Contd.)*

XI Sensitivity Analysis

₹ in Crore (10 Million)

Gratuity	Year ended March 31, 2018		Year ended March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.19)	2.49	(2.11)	2.41
Future salary growth (1% movement)	2.49	(2.25)	2.38	(2.14)
Employee turnover (1% movement)	0.49	(0.55)	0.38	(0.43)

XII Maturity Profile of projected benefit obligation from the fund

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Gratuity	Gratuity
	Funded	Funded
1st Following Year	5.53	6.46
2nd Following Year	2.52	2.24
3rd Following Year	3.48	3.30
4th Following Year	3.30	3.23
5th Following Year	9.11	3.01
Sum of Years 6 To 10	12.57	16.82

NOTE 49. RELATED PARTY DISCLOSURES

₹ in Crore (10 Million)

Particulars	% of Shareholding/ Voting Power	
	2017-18	2016-17
a) List of Related Parties		
i. **Subsidiaries (Wholly Owned)**		
Songadh Infrastructure & Housing Limited (SIHL)	100%	100%
Jaykaypur Infrastructure & Housing Limited (JIHL)	100%	100%
JK Enviro-Tech Limited (JKETL)	100%	100%
JK Paper International (Singapore) Pte Ltd. (JKPI (S) PL)	100%	100%
ii. **Joint Venture**		
Oji JK Packaging Private Limited (Oji) (ceased to be JV w.e.f 20th of January 2017)	N. A.	N. A.
Habras MZZ Plantation Myanmar Company Limited	50%	29.36%
iii. **Enterprise which holds more than 20% of Equity Share**		
Bengal & Assam Company Limited (BACL)		
iv. **Trust under common control**		
JK Paper Ltd (JK Paper Mills) Compulsory Employees Provident Fund		
JK Paper Ltd Employees Gratuity Fund		
JK Paper Ltd Officers Superannuation Scheme		

v. Key Management Personnel (KMP)

Executive Directors

Shri Harsh Pati Singhania, Vice Chairman & Managing Director

Shri Om Prakash Goyal, Whole-Time Director

Executives

Shri V. Kumaraswamy, Chief Finance Officer

Shri S.C. Gupta, Vice President & Company Secretary

Non-Executive Directors

Shri Bharat Hari Singhania, Chairman
Shri Arun Bharat Ram
Shri Dhirendra Kumar
Shri M.H.Dalmia
Shri R.V.Kanoria
Shri Sandip Somany
Shri Shailendra Swarup
Shri Udayan Bose
Smt. Vinita Singhania
Shri Wim Wienk

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 49. RELATED PARTY DISCLOSURES *(Contd.)*

b) The following transactions were carried out with related parties in the ordinary course of business:

₹ in Crore (10 Million)

Sl. No	Nature of Transactions	Subsidiaries (Wholly Owned)							
		JIHL		SIHL		JKETL		JKPI (S) PL	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
(i)	Reimbursement of Expenses – Paid	-	-	-	-	-	-	-	-
(ii)	Reimbursement of Expenses – Received	-	1.38	0.01	0.01	-	-	-	-
(iii)	Rent Paid	5.23	6.16	2.38	2.74			-	-
(iv)	Interest Received	2.71	2.77	0.79	0.80	-	0.08	-	-
(v)	Loans Given	-	-	-	-	-	0.10	-	-
(vi)	Advance Given	-	-	-	-	-	-	-	-
(vii)	Loan Instalment Received	-	1.00	-	-	-	1.50	-	-
(viii)	Purchase of share of JK Paper International (Singapore) Pte. Limited	-	-	-	-	-	0.17	8.43	7.83
(ix)	Outstanding at end of the period - Receivable	32.29	31.73	7.27	7.18	-	-	-	-

₹ in Crore (10 Million)

Sl. No.	Nature of Transaction	Enterprise which holds more than 20% of Equity Share	
		BACL	
		2017-18	2016-17
(i)	Interest Paid	1.32	5.30
(ii)	Rent Paid	0.05	0.05
(iii)	Loan Repaid	32.50	-
(iv)	Purchase of share of JK Enviro-Tech Limited	-	0.02
(v)	Outstanding at end of the period - Payable	7.50	43.72

₹ in Crore (10 Million)

Sl. No	Nature of Transactions	Trust under common control					
		Employees Provident Fund		Employees Gratuity Fund		Officers Superannuation Scheme	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
(i)	Contribution	3.52	3.11	4.58	6.60	0.60	0.67
(ii)	Outstanding at end of the period- Payable	0.30	0.28	0.67	1.03	0.60	0.65

Key Management Personnel (KMP) :

Sl. No	Particulars	2017-18	2016-17
(i)	Short-term Employee Benefits #	27.00	20.19
(ii)	Commission and other benefits to Non-Executive Directors *	2.13	1.29

The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

* Including sitting fees and commission

Notes to the Standalone **Financial Statement** *(Contd.)*

NOTE 50. FINANCIAL INSTRUMENTS

Financial Assets

₹ in Crore (10 Million)

Sl. No.	Particulars	Note	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1.	**Financial assets designated at fair value through profit and loss**						
	a) Derivatives - not designated as hedging instruments	A	Level-2	10.24	10.24	1.21	1.21
	b) Investment						
	i) In mutual funds and others	B	Level-1	127.22	127.22	242.59	242.59
2.	**Financial assets designated at fair value through other comprehensive income**						
	Investment In Equity shares	C	Level-1	8.84	8.84	8.83	8.83
3.	**Financial assets designated at amortised cost**						
	a) Other Bank Balances*			103.17	103.17	11.88	11.88
	b) Cash & Cash Equivalents*			18.85	18.85	15.52	15.52
	c) Trade receivables*			109.15	109.15	110.81	110.81
	d) Other receivables*			53.42	53.42	52.90	52.90
	e) Other financial assets			21.42	21.42	17.10	17.10
4.	**Investment in subsidiary companies and joint venture**	D		28.01	28.01	19.58	19.58
				480.32	**480.32**	**480.42**	**480.42**

Financial Liabilities

₹ in Crore (10 Million)

Sl. No.	Particulars	Note	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1.	**Financial liability designated at fair value through profit and loss**						
	a) Derivatives - not designated as hedging instruments	A	Level-2	2.65	2.65	4.33	4.33
2.	**Financial liability designated at amortised cost**						
	a) Borrowings	E	Level-1	1047.52	1,047.52	1426.80	1,426.80
	b) Trade payables*			254.86	254.86	230.94	230.94
	c) Other financial liability*			383.91	383.91	393.05	393.05
				1,688.94	**1,688.94**	**2,055.12**	**2,055.12**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values.

A The fair values of derivatives are on MTM as per Bank.

B Company has opted to fair value its mutual fund investment through profit & loss.

C Company has opted to fair value its quoted investments in equity share through OCI.

D As per Para D-15 of Appendix D of Ind AS 101, the first time adopter may chose to measure its investment in subsidiaries, JVs and Associates at cost or at fair value. Company has opted to value its investments in subsidiaries, JVs and Associates at cost.

E Company has adopted effective rate of interest for calculating interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

* The carrying amounts are considered to be the same as their fair values due to short term nature.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

51.1 Financial risk factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk & interest rate risk. The Company calculates and compares the alternative sources of funding by including cost of currency cover also. Whenever, the currency cover costs are such as to neutralize the advantage in foreign currency, loans are hedged so as to not to lose advantage. The Company uses derivative financial instruments to reduce foreign exchange risk exposures.

i. Credit Risk

The Company evaluates the customer credentials carefully from trade sources before appointment of any distributor and only financially sound parties are appointed as distributors. The Company secures adequate deposits from its distributor and hence risk of bad debt is limited. The credit outstanding is sought to be limited to the sum of advances/deposits and credit limit determined by the company. The company has stop supply mechanism in place in case outstanding goes beyond agreed limits.

ii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to fluctuation in market prices. These comprise three types of risk i.e. currency rate , interest rate and other price related risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

a.) Foreign Currency Risk and sensitivity

The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to reduce foreign exchange risk exposures and follows its risk management policies to mitigate the same. After taking cognisance of the natural hedge, the company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

The following table analyzes foreign currency risk from financial instruments as of March 31, 2018:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	Total
Financial Assets				
Cash and cash equivalents	-	-	-	-
Trade receivables	18.58	0.04	0.24	18.86
Other financials assets (including loans)	-	-	-	-
Financial liabilities				
Trade payables	(46.44)	(0.58)	* (0.00)	(47.03)
Other financials liabilities				
Borrowings	(163.78)	(256.19)	-	(419.98)
Interest Accrued but not due	(0.40)	(0.75)	-	(1.15)
Net assets / (liabilities)	**(192.04)**	**(257.49)**	**0.24**	**(449.29)**

*₹42,229/-

Notes to the Standalone **Financial Statement** *(Contd.)*

NOTE 51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Contd.)*

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	Total
Financial Assets				
Cash and cash equivalents	-	-	-	-
Trade receivables	7.93	-	0.14	8.07
Other financials assets (including loans)	-	-	-	-
Financial liabilities				
Trade payables	(30.54)	(0.34)	* (0.00)	(30.88)
Other financials liabilities				-
Borrowings	(187.52)	(360.24)	-	(547.75)
Interest Accrued but not due	(0.33)	(3.12)	-	(3.45)
Net assets / (liabilities)	**(210.46)**	**(363.70)**	**0.14**	**(574.01)**

* ₹37,011/-

The following significant exchange rates have been applied during the year.

INR	Year-end spot rate	
	March 31, 2018	March 31, 2017
USD	65.04	64.84
EUR	80.62	69.25
GBP	92.28	80.88

Foreign Currency Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

0.25% Increase and decrease in foreign exchanges rates will have the following impact on profit before tax

₹ in Crore (10 Million)

Particulars	2017-18		2016-17	
	0.25% Increase	0.25% decrease	0.25% Increase	0.25% decrease
USD Sensitivity	0.04	(0.04)	(0.02)	0.02
Euro Sensitivity (CY ₹29877/-)	(0.00)	0.00	(0.01)	0.01
GBP Sensitivity (CY ₹5875/-, PY ₹3,398/-)	0.00	(0.00)	0.00	(0.00)
Increases/ (decrease) in profit or loss	**0.04**	**(0.04)**	**(0.03)**	**0.03**

Summary of Exchange difference accounted in Statement of Profit and loss: ₹ in Crore (10 Million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Currency fluctuations		
Net foreign exchange (gain)/ losses shown as operating expenses	3.06	-
Net foreign exchange (gain)/ losses shown as finance cost	0.34	0.95
Net foreign exchange (gain)/ losses shown as other income	-	(0.76)
Derivatives		
Currency forwards (gain) / losses shown as operating expenses	-	-
Interest rate swaps (gain) / losses shown as finance cost	(3.32)	5.41
Net foreign exchange (gain)/ losses shown as other income	-	-
TOTAL	**0.08**	**5.60**

Notes to the Standalone Financial Statement *(Contd.)*

NOTE 51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Contd.)*

b. Interest Rate Risk and Sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debt. The Company has entered into various interest rate swap contracts, in which it agrees to exchange, at specific intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon principal amount. Borrowings at variable rates exposes to cash flow risk. With all other variables held constant, the following table demonstrates composition of fixed and floating rate borrowing of the company and impact of floating rate borrowings on company's profitability.

Interest Rate Risk Exposure

₹ in Crore (10 Million)

Particulars	As at March 31, 2018		As at March 31, 2017	
	(₹ in Crores)	% of Total	(₹ in Crores)	% of Total
Fixed Rate Borrowings	660.95	50.47%	559.53	32.96%
Variable Rate Borrowings	648.58	49.53%	1,138.17	67.04%
Total Borrowings	**1,309.53**	**100.00%**	**1,697.70**	**100.00%**

Sensitivity on variable rate borrowings

₹ in Crore (10 Million)

Particulars	Impact on Profit & Loss Account		Impact on Equity	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Interest Rate Increase by 0.25%	(1.91)	(2.87)	(1.91)	(2.87)
Interest Rate decrease by 0.25%	1.91	2.87	1.91	2.87

c. Commodity price risk and sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

CREDIT RISK

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹109.15 Crore and ₹110.81 Crore as of March 31, 2018 and March 31, 2017, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account as per the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

(In %)

Particulars	March 31, Year ended	
	2018	2017
Revenue from top customer	4.23%	4.30%
Revenue from top five customers	18.88%	16.49%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2018 was ₹0.20 Crore.

₹ in Crore (10 Million)

Particulars	March 31, Year ended	
	2018	2017
Balance at the beginning	15.43	13.08
Impairment loss reversed	(15.42)	(0.35)
Additional provision created during the year	0.19	2.70
Balance at the end	**0.20**	**15.43**

NOTE 51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The deposits with banks comprises mostly the liquid investment of the company and are generally not exposed to credit risk

Ageing Analysis of Trade Receivables

₹ in Crore (10 Million)

Particulars	As at March 31, 2018				As at March 31, 2017			
	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months
Unsecured	86.33	20.92	1.19	0.91	92.57	15.66	-	18.01
Provision for Doubtful Receivables	-	-	-	0.20	-	-	-	15.43
Net Balance	**86.33**	**20.92**	**1.19**	**0.71**	**92.57**	**15.66**	**-**	**2.58**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure funds are available for use as per the requirement. The company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The company also has adequate credit facilities agreed with the banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost effective manner.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	76.03	76.03	-	-	**76.03**
Borrowings - Non-Current	1,233.50	262.01	790.47	181.02	**1,233.50**
Trade payables	254.86	254.86	-	-	**254.86**
Other financial liabilities - Current	334.86	334.86	-	-	**334.86**
Other financial liabilities - Non-Current					
Trade Deposits	48.25	-	-	48.25	**48.25**
Interest accrued but not due on loans	1.21	-	1.21	-	**1.21**
Derivative Financial Instruments	2.24	-	2.20	0.04	**2.24**

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	127.75	127.75		-	**127.75**
Borrowings - Non-Current	1,569.95	270.90	985.38	313.67	**1,569.95**
Trade payables	230.94	230.94	-	-	**230.94**
Other financial liabilities - Current	343.45	343.45	-	-	**343.45**
Other financial liabilities - Non-Current					
Trade Deposits	45.96	-	-	45.96	**45.96**
Interest accrued but not due on loans	5.08	-	4.92	0.16	**5.08**
Derivative Financial Instruments	2.89	-	2.35	0.54	**2.89**

51.2 Competition and Price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

Notes to the Standalone Financial Statement *(Contd.)*

51.3 Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be.

₹ in Crore (10 Million)

Particulars	As at March 31 2018	As at March 31 2017
Borrowings	1,309.53	1,697.70
Less: Cash and cash equivalents including bank balance	122.02	27.39
Less: Current Investments	127.22	242.59
Net debt	1,060.29	1,427.72
Equity	1,645.59	1,321.52
Capital and Net debt	2,705.88	2,749.24
Gearing Ratio	39%	52%

NOTE 52. DERIVATIVE FINANCIAL INSTRUMENTS

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Forward Contract outstanding for the purpose of hedgeing at the Balance Sheet Date

Sr. No.	Foreign Currency	As at March 31, 2018		As at March 31, 2017	
		FC in Mn	₹ In Cr.	FC in Mn	₹ In Cr.
1	US Dollar	30.70	199.67	24.35	157.89
2	Euro	17.77	143.27	2.29	15.87

Nominal amounts of Complete Currency Swaps (CCS) for hedging entered into by the Company and outstanding at end of the year is ₹41.77 Crore (Previous year ₹42.39 Crore).

Foreign Currency Exposure not hedged as at the Balance Sheet Date:

Sr. No.	Foreign Currency	As at March 31, 2018		As at March 31, 2017	
		FC in Mn	₹ In Cr.	FC in Mn	₹ In Cr.
1	US Dollar *	(1.17)	(7.63)	8.11	52.57
2	Euro	8.99	72.45	44.11	305.44
3	GBP *	(0.03)	(0.24)	(0.02)	(0.14)

*Net of Receivables USD 2.86 Million – ₹18.58 Crore (Previous year USD 1.22 Million – ₹7.93 Crore), Euro 0.004 Million – ₹0.04 Crore (Previous year Euro Nil – ₹ Nil) and GBP 0.03 Million – ₹0.24 Crore (Previous year GBP 0.02 Million - ₹0.14 Crore).

Interest Rate Swaps

The Company has variable interest foreign currency borrowings. To offset the risk of variation in interest rates, the Company has entered into, fix pay and variable receipt, interest rate swaps. These swap contracts are in US Dollar & Euro. Outstanding amortised notional value of loan for swap contracts and MTM taken there on are as follows :

Sr. No.	Foreign Currency	As at March 31, 2018		As at March 31, 2017	
		Loan FC in Mn	MTM ₹ In Cr. (Gain)/Loss	Loan FC in Mn	MTM ₹ In Cr. (Gain)/Loss
1	US Dollar	11.61	0.68	7.77	0.80
2	Euro	24.20	(0.38)	28.80	(0.30)

The company is fully covered on interest rate fluctuation on foreign currency borrowing through interest rate swaps (IRS) and complete currency swaps (CCS).

NOTE 53. IMPAIRMENT REVIEW

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions.

Key assumptions used in value-in-use calculations are:-

(i) Operating margins (Earnings before interest and taxes), (ii) Discount Rate, (iii) Growth Rates, and (iv) Capital Expenditure

NOTE 54. INFORMATION RELATED TO CONSOLIDATED FINANCIALS

The Company is listed on stock exchange in India and has prepared consolidated financial as required under IND AS110, Sections 129 of Companies Act, 2013 and listing requirements. The consolidated financial statement is available on Company's web site for public use.

NOTE 55. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Dividend proposed to be distributed

₹ in Crore (10 Million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Dividend proposed for Equity Shareholders @ ₹2.5 per share (PY ₹1.50 per share)	44.56	24.51
Corporate Dividend Tax	9.16	4.99

NOTE 56. INCOME TAX

a) Amount recognised in Statement of Profit and Loss

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Current Income Tax		
Current year	74.85	47.52
Adjustment in respect of current income tax of earlier years	(1.82)	(0.10)
MAT Credit Entitlement		
Current year	(74.85)	(47.52)
Reversal of MAT credit entitlement of earlier years	5.44	0.93
Total	3.62	0.83
Deferred Tax	111.43	68.05
Income tax expense reported in the statement of profit and loss	115.05	68.88

Notes to the Standalone **Financial Statement** *(Contd.)*

b) Reconciliation of Effective Tax Rate

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Profit before tax	**375.18**	**231.72**
At applicable Statutory Income Tax Rate CY @ 31.20% PY @ 30.90%	117.06	71.60
Tax Impact on:-		
Reversal of 80IA	0.80	0.80
Donation	2.45	1.55
In House R&D Expenditure	(0.88)	(1.23)
CSR Expenditure	0.64	0.37
Others	(5.02)	(4.21)
Reported Income Tax Expense	**115.05**	**68.88**
Effective Tax Rate	**30.66%**	**29.73%**

NOTE 57. SEGMENT INFORMATION

Information about primary segment

The Company has only one business segment i.e. Paper and Board and one geographical reportable segment i.e. Operations mainly within India. The performance is reviewed by the Board of Directors (Chief operating decision makers).

NOTE 58.

Previous year figures have been regrouped/rearranged, wherever considered necessary to conform to current year's classification.

NOTE 59.

Notes 1 to 58 are annexed to and form an integral part of financial statements.

The accompanying notes referred to above form an integral part of the Standalone Financial Statements

For and on behalf of the Board

H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

ARUN BHARAT RAM
DHIRENDRA KUMAR
M.H. DALMIA
SANDIP SOMANY
SHAILENDRA SWARUP
UDAYAN BOSE
VINITA SINGHANIA
R.V. KANORIA
Directors

Cash Flow **Statement** for the year ended 31st March, 2018

₹ in Crore (10 Million)

		2017-18		2016-17	
A.	CASH FLOW FROM OPERATING ACTIVITIES :				
	Net Profit before Tax and Extra-ordinary Items	375.19		231.71	
	Adjustments for :				
	Depreciation	120.89		119.53	
	Defined Benefit Plans charged to OCI	(1.86)		(4.58)	
	Income from Investments	(15.45)		(14.63)	
	(Profit)/ Loss on Sale of Assets (Net)	0.17		0.01	
	Dividend Income (PY ₹47,750/-)	(0.01)		(0.00)	
	Finance Cost	143.02		187.64	
	Interest Income	(10.31)		(11.06)	
	Foreign Exchange Fluctuation	3.06		(0.76)	
	Assets Written off	0.10		0.08	
	Bad Debts	0.84		0.25	
	Provision for Doubtful Debts	0.19		2.70	
	Operating Profit before Working Capital Changes	615.83		510.89	
	Adjustments for Working Capital Changes:				
	Trade and Other Receivables	(23.50)		56.28	
	Inventories	(11.29)		(48.23)	
	Trade and Other Payables	43.53		89.97	
	Cash generated from Operations	624.57		608.91	
	Taxes paid	(69.13)		(47.59)	
	Net Cash from Operating Activities		555.44		561.32
B.	CASH FLOW FROM INVESTING ACTIVITIES :				
	Purchase of Property Plant & Equipment	(86.65)		(67.76)	
	Sale of Property Plant & Equipment	1.18		10.49	
	Sale/(Purchase) of Investments (Net)	122.39		(213.37)	
	Dividend Income (PY ₹47,750/-)	0.01		0.00	
	Interest Received	9.57		10.92	
	Net Cash from Investing Activities		46.50		(259.72)
C.	CASH FLOW FROM FINANCING ACTIVITIES :				
	Proceeds of Long-term Borrowings	177.51		249.84	
	Repayment of Long-term Borrowings	(460.16)		(349.33)	
	Proceeds/(Repayment) from Short-term Borrowings (Net)	(51.72)		(0.54)	
	Interest and Financial Charges	(143.46)		(179.84)	
	Dividend (including Dividend Tax)	(29.49)		(8.97)	
	Net cash from Financing Activities		(507.32)		(288.84)
D.	Increase/(Decrease) in Cash and Cash Equivalents - Cash & Bank Balance		94.62		12.76
E.	Cash and Cash Equivalents as at the beginning of the year - Cash & Bank Balances (Note No. 11 & 12)		27.40		14.64
F.	Cash and Cash Equivalents as at the close of the year - Cash & Bank Balances (Note No. 11 & 12)		122.02		27.40
Notes:					
(a)	Total Liabilities from Financing Activities	Long Term	Short Term	Long Term	Short Term
	Opening	1,569.95	127.75	1,763.48	74.60
	Cash Flow Changes				
	Inflow/(Repayments)	(282.65)	(51.82)	(99.49)	54.35
	Non-Cash Flow Changes				
	Foreing Exchange	32.41	0.10	(44.31)	(1.20)
	FCCB Conversion	(94.70)	-	(57.33)	-
	Other	8.49	-	7.61	-
	Closing	**1,233.50**	**76.03**	**1,569.95**	**127.75**

(b) Previous year's figures have been re-grouped / re-arranged wherever necessary.

The accompanying notes referred to above form an integral part of the Standalone Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

ARUN BHARAT RAM, SHAILENDRA SWARUP, DHIRENDRA KUMAR, UDAYAN BOSE, M.H. DALMIA, VINITA SINGHANIA, SANDIP SOMANY, R.V. KANORIA — Directors

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement Containing salient features of the financial statement of Subsidiaries/ Associate Companies/ Joint Ventures

Part - "A" : Subsidiaries

₹ in Crore (10 Million)

Sl. No.	Particulars	Jaykaypur Infrastructure & Housing Limited	Songadh Infrastructure & Housing Limited	JK Enviro-Tech Limited	JK Paper International (Singapore) Pte. Limited
1	Financial Year ended on	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
2	Reporting Currency	Indian Rupees	Indian Rupees	Indian Rupees	US$
3	Closing Exchange Rate	-	-	-	65.0441
4	Share Capital	4.95	4.95	1.65	16.26
5	Reserve & Surplus/ (Accumulated Losses)	(1.07)	1.36	0.32	(0.29)
6	Total Assets	40.15	15.60	1.98	16.00
7	Total Liabilities	40.15	15.60	1.98	16.00
8	Investments	-	-	-	15.87
9	Total Turnover	4.91	2.12	0.12	0.00
10	Profit/ (Loss) before tax	0.04	0.16	0.08	(0.07)
11	Provision for Income Tax	(0.15)	(0.02)	0.01	0.00
12	Profit/ (Loss) after tax	0.19	0.18	0.06	(0.07)
13	Proposed Dividend	-	-	-	-
14	% of Shareholding	100%	100%	100%	100%

Part - "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

₹ in Crore (10 Million)

Sl. No.	Name of Joint Venture Company	Habras MZZ Plantation Myanmar Company Limited
1	Financial Year/Period ended on	March 31, 2018
2	% of Shareholding	50%
3	Investment in Joint Venture	15.87
	Extent of Holding %	50%
4	Description of how there is significant influence	Based on Shareholding
5	Reason why the Joint Venture is not consolidated	Not Applicable
6	Net worth attributable to Share Holding as per latest Un-audited Balance sheet	15.87
7	Loss for the year	NIL
	i) Considered in consolidation	NIL
	i) Not Considered in consolidation	NIL

The accompanying notes referred to above form an integral part of the Standalone Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

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ARUN BHARAT RAM, SHAILENDRA SWARUP, DHIRENDRA KUMAR, UDAYAN BOSE, M.H. DALMIA, VINITA SINGHANIA, SANDIP SOMANY, R.V. KANORIA — Directors

Independent Auditor's Report

To
The Members of
JK Paper Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of JK Paper Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and Jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Statement of Consolidated Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its jointly controlled entities in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group and a Jointly controlled entity as at March 31, 2018, and their consolidated financial performance (including other comprehensive income), the consolidated statement of change in equity and their consolidated cash flows for the year ended on that date.

OTHER MATTERS

(a) We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets of ₹73.74 Crores as at March 31, 2018, total revenues of ₹7.15 Crores and net cash inflows amounting to (₹1.36) Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries based solely on the reports of the other auditors.

(b) The Consolidated financial statements include the Company's share of net profit / loss of ₹ Nil for the year ended March 31, 2018 as considered in the consolidated financial statements, in respect of one jointly controlled entity, whose financial statements have been audited by other auditor whose reports have been furnished to us by the management and our opinion on the financial results, to the extent they have been derived from such financial statements is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

(c) Corresponding figures for the year ended March 31, 2017 included in the standalone financial statements were audited by another auditor who expressed an unmodified opinion dated 16th May 2017.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the statement of change in equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules made thereunder.

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India , none of the directors of the Group is disqualified as on March 31, 2018 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A" and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 38 to the consolidated financial statements;

      ii. The group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

N. K. Lodha
Partner
Membership No.085155

Place: New Delhi
Dated:14th May 2018

Annexure – B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of JK Paper Limited ('the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company and its subsidiary companies , which are companies incorporated in India, based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that 1)pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Group and Jointly controlled entities incorporated in India have maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

i) Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E

N. K. Lodha
Partner
Membership No.085155

Place: New Delhi
Dated:14th May 2018

Consolidated Balance Sheet as at March 31, 2018

₹ in Crore (10 Million)

Particulars	Note	March 31, 2018	March 31, 2017
ASSETS			
Non-Current Assets			
Property,Plant and Equipment	2	2,603.55	2,635.08
Capital Work-in-Progress		36.70	15.51
Investment Property	2A	50.37	51.38
Other Intangible Assets	3	0.21	1.41
Financial Assets			
Investments	4	24.71	16.29
Loans	5	17.92	17.40
Other Financial Assets	6	16.52	8.41
Other Non-Current Assets	7	6.12	6.09
		2,756.10	**2,751.57**
Current Assets			
Inventories	8	394.23	382.94
Financial Assets			
Investments	9	127.22	242.59
Trade Receivables	10	109.15	110.81
Cash and Cash Equivalents	11	18.95	16.30
Bank Balances other than above	12	104.42	13.81
Loans	13	0.80	-
Other Financial Assets	14	7.65	2.90
Current Tax Assets (Net)	15	-	2.78
Other Current Assets	16	89.93	71.93
		852.35	**844.06**
Total Assets		**3,608.45**	**3,595.63**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	17	175.50	155.96
Other Equity		1,470.29	1,165.29
		1,645.79	**1,321.25**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	18	971.49	1,299.05
Other Financial Liabilities	19	51.70	53.93
Provisions	20	6.55	5.78
Deferred Tax Liabilities (Net)	21	140.74	99.56
		1,170.48	**1,458.32**
Current Liabilities			
Financial Liabilities			
Borrowings	22	76.03	127.75
Trade Payables	23	255.26	231.45
Other Financial Liabilities	24	334.32	343.17
Other Current Liabilities	25	119.49	105.84
Provisions	26	5.88	7.85
Current Tax Liabilities	27	1.20	-
		792.18	**816.06**
Total Equity and Liabilities		**3,608.45**	**3,595.63**
Significant Accounting Policies	1		

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

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ARUN BHARAT RAM, SHAILENDRA SWARUP, DHIRENDRA KUMAR, UDAYAN BOSE, M.H. DALMIA, VINITA SINGHANIA, SANDIP SOMANY, R.V. KANORIA — Directors

Consolidated Statement of Profit & Loss for the year ended March 31, 2018

₹ in Crore (10 Million)

Particulars	Note	2017-18	2016-17
Revenues :			
Sales		3,069.68	2,989.37
Less : Discounts		243.43	252.54
Net Sales		**2,826.25**	**2,736.83**
Other Operating Revenue	28	51.24	27.20
Revenue from Operations		**2,877.49**	**2,764.03**
Other Income	29	22.51	34.80
Total Revenues		**2,900.00**	**2,798.83**
EXPENSES			
Cost of Materials Consumed	30	1,254.37	1,268.40
Purchases of Stock-in-Trade		284.48	222.66
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	31	(10.36)	(4.69)
Employee Benefits Expense	32	231.88	218.15
Finance Costs	33	143.02	187.64
Depreciation and Amortisation Expenses	34	122.32	120.68
Excise Duty		33.22	135.42
Other Expenses	35	465.65	407.04
Total Expenses		**2,524.58**	**2,555.30**
Profit Before Interest, Depreciation & Tax (PBIDT)		**640.76**	**551.85**
Profit/(Loss) Before Tax		**375.42**	**243.53**
Tax Expense			
Current Tax (MAT)		73.12	47.49
Less : MAT Credit Entitlement		(69.42)	(46.62)
Provision / (Credit) for Deferred Tax		111.19	68.17
Profit for the period		**260.53**	**174.49**
Share in Profit/(loss) of Joint Venture		-	(2.67)
Net Profit after Taxes, Non-Controlling Interest and Share of Profit in Joint Venture		**260.53**	**171.82**
Other Comprehensive Income			
Items that will not be reclassified to Profit and Loss			
(i) Re-measurement Gain/(Loss) on Defined Benefit Plans		(1.86)	(4.58)
(ii) Tax on (i) above		0.58	1.41
(iii) Equity Instruments through Other Comprehensive Income		0.01	2.37
(iv) Tax on (iii) above		-	-
Total Other Comprehensive Income for the period		**259.26**	**171.02**
Earnings per Equity Shares			
1) Basic (in ₹)		15.31	11.39
2) Diluted (in ₹)		14.67	9.95
Significant Accounting Policies	1		

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

ARUN BHARAT RAM, SHAILENDRA SWARUP
DHIRENDRA KUMAR, UDAYAN BOSE
M.H. DALMIA, VINITA SINGHANIA
SANDIP SOMANY, R.V. KANORIA
— Directors

Consolidated Statement of **Changes In Equity** for the year ended March 31, 2018

A. EQUITY SHARE CAPITAL

₹ in Crore (10 Million)

March 31, 2017	Changes in Equity Share Capital during 2017-18	March 31, 2018
155.96	19.54	175.50

B. OTHER EQUITY

₹ in Crore (10 Million)

Particulars	Equity Pending Allotment (Convertible option exercised by FCCB)	Reserve and Surplus						Other Comprehensive Income (OCI) Items that will not be Reclassified to profit or loss		Total
		Retained Earnings	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Exchange diferences on translating the financial statements of a foreign operations	Re-measurement of the net defined benefit plans	Equity Instruments through OCI	
March 31, 2017	15.46	466.30	29.92	3.00	422.59	225.59	(0.27)	(5.69)	8.39	1,165.29
Profit for the year		260.53	-	-			-	-	-	260.53
FCCB Conversion	(15.46)	-	-	-			-	-	-	(15.46)
Addition to Equity Share Capital	-	-	-	-	90.62		-	-		90.62
Transfer from Retained Earnings	-	(125.00)	-	-	-	125.00	-	-	-	-
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(1.28)	0.01	(1.27)
Dividend including Corporate Dividend Tax	-	(29.50)	-	-	-	-	-	-	-	(29.50)
Adjustment for translation of Non Integral Foreign Operations	-	-	-	-	-	-	0.08	-	-	0.08
March 31, 2018	-	572.33	29.92	3.00	513.21	350.59	(0.19)	(6.97)	8.40	1,470.29

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

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Partner
Membership No. 85155
New Delhi, the 14th May, 2018

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Directors

Notes to the Consolidated Financial Statements

Note 1. Significant Accounting Policies- Consolidated Accounts

I. Significant Accounting Policies for the year ended March 31, 2018.

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria described below also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised, when all the significant risks and rewards of ownership of the goods have passed to the buyer, the Company no longer has effective control over the goods sold, the amount of revenue and costs associated with the transaction can be measured reliably and no significant uncertainty exists regarding the amount of Consideration that will be derived from the sales of Goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Export incentives, Duty drawbacks and other benefits are recognized in the Statement of Profit and Loss.

Interest income

Interest income is recognized on time proportion basis using the effective interest method.

Dividend Income

Dividend income is recognized when the right to receive payment is established, which is generally when shareholders approve the same.

Renewal Energy Certificate

Renewable Energy Certificate (REC) benefits are recognized in Statement of Profit & Loss on sale of REC's.

(ii) Inventory Valuation

Inventories such as Raw Materials, Work-in-Progress, Finished Goods, Stock in Trade, Stores & Spares and Renewable Energy Certificates are valued at the lower of cost and net realisable value (except scrap/waste which are value at net realisable value). The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

(iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand cash at bank and demand deposits with banks with an original maturity of three months or less which are subject to an insignificant risk of change in value.

(iv) Property Plant and Equipment

On transition to IND AS, the company has adopted optional exception under IND AS 101 to measure Property, Plant and Equipment (PPE) at fair value. Consequently the fair value has been assumed to be deemed cost of PPE on the date of transition. Subsequently PPE are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

PPE acquired are stated at cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Capital work-in-progress includes cost of PPE under installation / under development as at the balance sheet date. Advances paid towards the acquisition of PPE outstanding at each balance sheet date is classified as capital advances under other non-current assets.

Subsequent expenditures relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the

Note 1. Significant Accounting Policies- Consolidated Accounts *(Contd.)*

financial statements upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.

Depreciation on Buildings, Plant & Machinery, Railway Siding and Other Assets of all Units is provided as per straight line method over their useful lives as prescribed under Schedule II of Companies Act, 2013. Depreciation on additions due to exchange rate fluctuation is provided on the basis of residual life of the assets. Depreciation on assets costing up to Rs.5000/- and on Temporary Sheds is provided in full during the year of additions.

Depreciation will be charged from the date the assets is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leased Assets

Leasehold lands are amortized over the period of lease, Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

Intangible Assets

Intangible Assets are recognised, if the future economic benefits attributable to the assets are expected to flow to the company and cost of the asset can be measured reliably. All other expenditure is expensed as incurred. The same are amortised over the expected duration of benefits. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any and are amortised over their respective individual estimated useful life on straight line method.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted prospectively, if appropriate.

(v) Research and Development Costs

Revenue expenditure on Research and Development is charged to statement of Profit and loss in the year in which it is incurred and capital expenditure is added to Fixed Asset.

(vi) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance Lease

Finance Lease that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability .Finance charges are recognised in finance costs in the statement of profit and loss unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Lease

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of

Note 1. Significant Accounting Policies- Consolidated Accounts *(Contd.)*

the leased asset.. Payments under operating lease are recorded in the Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(vii) Impairment

The carrying amount of PPEs, Intangible assets and Investment property are reviewed at each Balance Sheet date to assess impairment if any, based on internal / external factors. An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value, being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount.

(viii) Financial Assets & Liabilities

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

(a) Financial Assets at Amortised Cost

At the date of initial recognition, Financial Assets are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial Assets at Fair value through Other Comprehensive Income

At the date of initial recognition, Financial Assets are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

(c) Financial Assets at Fair value through Profit or Loss

At the date of initial recognition, Financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Trade Receivables

A Receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Notes to the Consolidated Financial Statements *(Contd.)*

Note 1. Significant Accounting Policies- Consolidated Accounts *(Contd.)*

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Investment in Equity Shares

Investments in Equity Securities are initially measured at cost. Any subsequent fair value gain or loss is recognized through Profit or Loss if such investments in Equity Securities are held for trading purposes. The fair value gains or losses of all other Equity Securities are recognized in Other Comprehensive Income.

Investment in Associates, Joint Ventures and Subsidiaries

The Company has accounted for its investment in subsidiaries, associates and joint venture at cost.

Investments in Mutual Funds

Investments in Mutual Funds are accounted for at cost. Any subsequent fair value gain or loss is recognized through Profit or Loss Account.

Derecognition

Financial Asset is primarily derecognised when:

(i) The right to receive cash flows from asset has expired, or.

(ii) The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a " pass-through" arrangement and either:

  a) The Company has transferred substantially all the risks and rewards of the asset, or

  b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below :

a) **Financial Liabilities at Fair Value through Profit or Loss**

   Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date with all the changes recognized in the Statement of Profit and Loss.

Note 1. Significant Accounting Policies- Consolidated Accounts *(Contd.)*

b) Financial Liabilities measured at Amortised Cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR") except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.

c) Loans and Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

d) Trade and Other Payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition of Financial Liability

A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Offsetting of Financial Instruments

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Compound Financial Instruments

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Note 1. Significant Accounting Policies- Consolidated Accounts *(Contd.)*

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(ix) Foreign Exchange Transactions / Translations / Hedge Accounting

Financial statements are presented in Indian Rupee, which is Company's functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Financial instruments designated as Hedge Instruments are mark to market using the valuation given by the bank on the reporting date. Exchange differences arising on settlement of monetary items on actual payments / realisations and year end translations including on forward contracts are dealt with in Profit and Loss Statement except exchange differences arising on those Long term foreign currency monetary items, related to acquisition of depreciable capital assets being carried forward from previous GAAP, which are adjusted to cost of such assets and depreciated over their balance life pursuant to the option in Notification No.G.S.R 914(E) dated 29th December, 2011 issued by Ministry of Corporate Affairs. Non Monetary Foreign Currency items are stated at cost.

(x) Employee Benefits

a) Defined Contribution Plan:

The Company makes defined contribution to Superannuation Funds, which are accounted on accrual basis as expenses in the statement of Profit and Loss.

b) Defined Benefit Plan:

The Company's Liabilities on account of Gratuity and Earned Leave on retirement of employees are determined at the end of each financial year on the basis of actuarial valuation certificates obtained from Registered Actuary in accordance with the measurement procedure as per Indian Accounting Standard (INDAS)-19., 'Employee Benefits' These liabilities are funded on year-to-year basis by contribution to respective funds. The costs of providing benefits under these plans are also determined on the basis of actuarial valuation at each yearend. Actuarial gains and losses for defined benefit plans are recognized through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, is made to trust administered by the trustees. The interest rate to the members of the trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. The Employer shall make good deficiency, if any.

The Defined Benefit Plan can be short term or Long terms which are defined below:

i) Short-term Employee Benefit

All employees' benefits payable wholly within twelve months rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

ii) Long-term employee Benefits

Compensated absences which are not expected to occur within 12 months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

c) Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred. The Company shall recognise a liability and expense for termination benefits at the earlier of the following dates:

Notes to the Consolidated **Financial Statements** *(Contd.)*

Note 1. Significant Accounting Policies- Consolidated Accounts *(Contd.)*

(a) When the entity can no longer withdraw the offer of those benefits; and

(b) When the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

(xi) Earnings per Share (EPS)

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(xii) Income Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum Alternate Tax

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

(xiii) Provisions and Contingent Liabilities /Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be

Note 1. Significant Accounting Policies- Consolidated Accounts *(Contd.)*

made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement. Contingent liabilities are not recognised but are disclosed in notes.

Contingent Assets are not recognised in financial statements but are disclosed, since the former treatment may result in the recognition of income that may or may not be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

(xiv) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xvi) Fair Value Measurements

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

  Or

- In the absence of a principal market , in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

  All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to the Consolidated Financial Statements *(Contd.)*

Note 1. Significant Accounting Policies- Consolidated Accounts *(Contd.)*

(xvii) Investment Properties:

Investment Properties comprises portions of freehold land and buildings that are held for long-term rentals yields and/or for capital appreciation. Investment properties are initially recognised at cost. Subsequent Investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on building is provided over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Though the Company measures investment property using cost based measurement, the fair value of investment is disclosed in notes.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised In the statement of profit and loss in the period of derecognition.

(xviii) Significant Accounting Judgments, Estimates and Assumptions

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements which have significant effect on the amounts recognized in the financial statement:

a. Income taxes

Judgment of the Management is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

b. Contingencies

Judgment of the Management is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/litigations against the company as it is not possible to predict the outcome of pending matters with accuracy.

c. Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on ECL, which are the present value of the cash shortfall over the expected life of the financial assets.

d. Defined Benefit Plans.

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These Includes the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

e. Fair Value Measurement of Financial Instruments.

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(xix) Recent Accounting Pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment

Notes to the Consolidated Financial Statements *(Contd.)*

Note 1. Significant Accounting Policies- Consolidated Accounts *(Contd.)*

Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company is evaluating the requirement of the amendment and the effect of this on the financial statements will be given in the due course.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

NOTE 2. PROPERTY, PLANT AND EQUIPMENT (PPE)

₹ in Crore (10 Million)

Description	Gross Carrying Value				Depreciation				Net Carrying Value	
	March 31, 2017	Additions/ Adjustments	Sales/ Adjustments	March 31, 2018	March 31, 2017	For the year	On Sales/ Adjustments	March 31, 2018	March 31, 2018	March 31, 2017
Land - Freehold (a)	275.33	-	-	275.33	-	-	-	-	275.33	275.33
- Leasehold	82.76	-	-	82.76	2.94	1.47	-	4.41	78.35	79.82
Building	283.61	3.66	-	287.27	20.11	10.87	-	30.98	256.29	263.50
Plant & Equipment (c)	2,140.04	77.05	0.41	2,216.68	145.81	102.71	0.24	248.28	1,968.40	1,994.23
Furniture and Fixture	2.46	0.24	0.09	2.61	0.79	0.37	0.09	1.07	1.54	1.67
Office Equipment	8.03	2.03	1.15	8.91	3.22	1.94	1.08	4.08	4.83	4.81
Vehicles & Locomotive	14.72	6.79	2.47	19.04	1.10	2.32	1.25	2.17	16.87	13.62
Railway Siding	2.57	-	-	2.57	0.47	0.16	-	0.63	1.94	2.10
Total	2,809.52	89.77	4.12	2,895.17	174.44	119.84	2.66	291.62	2,603.55	2,635.08
Previous year	2,863.44	15.04	68.96	2,809.52	114.31	118.49	58.36	174.44	2,635.08	

Notes:

a) Includes cost of 4.67 acres land given on lease to Employees State Insurance Corporation for construction of Hospital for Employees and cost of 34.72 acres land of ₹20.24 Crore for which title is yet to be transferred in name of the Company.

b) During the year ₹25.92 Crore has been added in Plant & Equipment due to Foreign Exchange Fluctuation (Net) (Previous year ₹37.35 Crore was deducted) .

Notes to the Consolidated **Financial Statements** *(Contd.)*

NOTE 2A. INVESTMENT PROPERTY

₹ in Crore (10 Million)

Description	Gross Block				Depreciation				Net Block	
	March 31, 2017	Additions/ Adjustments	Sales/ Adjustments	March 31, 2018	March 31, 2017	For the year	Sales / Adjustments	March 31, 2018	March 31, 2018	March 31, 2017
Land										
Freehold	6.99	-	-	6.99	-	-	-	-	6.99	6.99
Leasehold	12.01	-	-	12.01	1.43	0.20	-	1.63	10.38	10.58
Buildings	38.64	0.24	-	38.88	4.83	1.05	-	5.88	33.00	33.81
Total	57.64	0.24	-	57.88	6.26	1.25	-	7.51	50.37	51.38
Previous year	55.29	2.35	-	57.64	5.30	0.96	-	6.26	51.38	

As at March 31, 2015, the fair value of Land and Buildings are ₹52,77,73,714 These Valuations are based on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method.

NOTE 3. OTHER INTANGIBLE ASSETS

₹ in Crore (10 Million)

Description	Gross Carrying Value				Amortisation				Net Carrying Value	
	March 31, 2017	Additions/ Adjustments	Sales/ Adjustments	March 31, 2018	March 31, 2017	For the year	On Sales/ Adjustments	March 31, 2018	March 31, 2018	March 31, 2017
Computer Software	3.87	0.03	-	3.90	2.46	1.23	-	3.69	0.21	1.41
Total	3.87	0.03	-	3.90	2.46	1.23	-	3.69	0.21	1.41
Previous year	3.87	-	-	3.87	1.23	1.23	-	2.46	1.41	

NOTE 4. NON- CURRENT INVESTMENTS

₹ in Crore (10 Million)

Particulars	Face Value	March 31, 2018		March 31, 2017	
	Rs./Share	No of Share	Value	No of Share	Value
Quoted, Equity shares fully paid up					
Investment Carried at Fair Value through OCI					
JK Lakshmi Cement Ltd.	5/-	1,91,000	8.84	1,91,000	8.83
Unquoted, Equity shares fully paid up					
Investments Carried at Cost					
Investment in Equity instruments of Joint Venture					
Habras MZZ Plantation Myanmar Company Limited	USD 1000	2440	15.87	1150	7.46
Investment in Others					
JK Paper Mills Employees' Co-operative Stores Ltd. (CY ₹2500/- , PY ₹2500/-)	10/-	250	0.00	250	0.00
			24.71		**16.29**
Aggregate book value of unquoted investments			15.87		7.46
Aggregate market value of quoted investments			8.84		8.83

NOTE 5. NON CURRENT FINANCIAL ASSETS - LOANS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Unsecured considered good :-		
Other Loans & Advances (at amortised cost)		
JK Paper Employees` Welfare Trust	17.92	17.40
	17.92	**17.40**

Notes to the Consolidated **Financial Statements** *(Contd.)*

NOTE 6. NON CURRENT FINANCIAL ASSETS - OTHERS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Deposits with Government Authorities	5.98	4.18
Derivative Financial Instruments (at fair value through P&L)	7.62	1.12
Others	2.92	3.11
TOTAL	**16.52**	**8.41**

NOTE 7. OTHER NON CURRENT ASSETS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Capital Advances	1.74	1.24
Deposits with Government Authorities and Others	4.38	4.85
TOTAL	**6.12**	**6.09**

NOTE 8. INVENTORIES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Raw Materials #	211.99	214.98
Work-in-Progress @	11.28	17.49
Finished Goods	67.03	94.26
Stock in Trade	53.11	15.88
Stores & Spares #	50.82	40.11
Renewable Energy Certificates	-	0.22
TOTAL	**394.23**	**382.94**

Includes Raw Materials in transit ₹3.68 Crore (As at March 31, 2017 ₹9.89 Crore) and Stores & Spares in transit ₹0.8 Crore (As at March 31, 2017 ₹2.48 Crore).

@ Includes Pulp in process ₹3.81 Crore (As at March 31, 2017 ₹5.33 Crore) and Semi Finished Goods ₹7.29 Crore (As at March 31, 2017 ₹12.16 Crore).

NOTE 9. CURRENT INVESTMENTS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Investments in Mutual Funds- at fair value through P&L		
Investment in Liquid Fund	127.22	242.59
TOTAL	**127.22**	**242.59**
Aggregate book value of quoted investments	127.22	242.59

NOTE 10. TRADE RECEIVABLES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Unsecured		
Considered Good	109.15	110.81
Considered Doubtful	0.20	15.43
	109.35	**126.24**
Less: Allowance for Doubtful Debts	0.20	15.43
TOTAL	**109.15**	**110.81**

Notes to the Consolidated **Financial Statements** *(Contd.)*

NOTE 11. CASH AND CASH EQUIVALENTS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Cash & Cash Equivalents		
Current Accounts	18.58	15.83
Cheques/Drafts on hand	0.08	0.01
Cash on Hand	0.29	0.46
TOTAL	**18.95**	**16.30**

NOTE 12. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Other Bank Balances		
Unclaimed Dividend Accounts	0.13	0.12
Fixed Deposit with Scheduled Banks #	104.29	13.69
TOTAL	**104.42**	**13.81**

Includes ₹0.45 Crore (As at March 31, 2017 ₹1.48 Crore) pledged with Government Authorities.

NOTE 13. CURRENT FINANCIAL ASSETS - LOANS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Unsecured considered good :-		
Global Strategic Technologies Ltd	0.80	-
TOTAL	**0.80**	-

NOTE 14. CURRENT FINANCIAL ASSETS - OTHER

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Advances to Related Parties- (Subsidiaries)		
Advances Recoverable	2.65	1.07
Interest Accrued but not due	1.83	1.02
Advances to Employees	0.55	0.72
Derivative Financial Instruments (at fair value through P&L)	2.62	0.09
TOTAL	**7.65**	**2.90**

NOTE 15. CURRENT TAX ASSETS (NET)

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Advance Income Tax/ Tax deducted at source (Net of Provision)	-	2.78
TOTAL	-	**2.78**

Notes to the Consolidated **Financial Statements** *(Contd.)*

NOTE 16. OTHER CURRENT ASSETS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Advances Recoverable	8.40	10.72
Advances to Suppliers	61.48	28.18
Indirect Tax Recoverable	14.50	29.49
Other Deposits	1.13	2.89
Prepaid Finance Charges	4.42	0.65
Doubtful Advances		
Other	0.49	1.93
	90.42	**73.86**
Less : Allowance for Doubtful Advances	0.49	1.93
TOTAL	**89.93**	**71.93**

NOTE 17. SHARE CAPITAL

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Authorised :		
Equity Shares - 30,00,00,000	300.00	300.00
(30,00,00,000 Equity Share of ₹10 each as at March 31, 2017)		
Redeemable Preference Shares - 2,00,00,000	200.00	200.00
(2,00,00,000 Share of ₹100 each as at March 31, 2017)		
	500.00	500.00
Issued, Subscribed and Paid-up :		
Equity Shares - 17,55,00,850 (15,59,58,865 Equity Share of	175.50	155.96
₹10 each fully paid up a at March 31, 2017)		
	175.50	155.96
Notes :		
a. Reconciliation of Equity Share Capital (In numbers)		
Shares outstanding at the beginning of the year	15,59,58,865	14,85,30,625
Add : Shares issued during the year	1,95,41,985	74,28,240
Shares outstanding at the end of the year	17,55,00,850	15,59,58,865

b. Equity Shares:

The Equity Shareholders have:-

- The right to receive dividend out of balance of net profits remaining after payment of dividend to the preference shareholders. The dividend proposed by Board of Directors is subject to approval of shareholders in the ensuing general meeting.
- The Company has only one class of Equity Shares having face value of ₹10/- each and each shareholder is entitled to one vote per share.
- In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their individual shareholding in the paid up equity capital of the Company.

c. List of Shareholders holding more than 5% of the Equity Share Capital of the Company (In numbers) :

Particulars	March 31, 2018	March 31, 2017
Bengal & Assam Company Ltd.	3,64,18,299	3,64,18,299
BMF Investments Ltd.	3,00,89,797	3,00,89,797
Florence Investech Ltd.	1,18,33,332	1,18,33,332
Trustees, JK Paper Employees Welfare Trust	98,28,655	98,28,655

Notes to the Consolidated **Financial Statements** *(Contd.)*

NOTE 18. NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
SECURED		
Term Loan		
From Banks	1,000.66	1,261.13
From Financial Institutions	178.65	127.13
UNSECURED		
Foreign Currency Convertible Bonds (FCCB's)	19.33	117.72
Loan from Related Party	7.45	39.63
Public Deposits	27.41	24.34
	1,233.50	**1,569.95**
Less : Current Maturities of Long Term Borrowings	262.01	270.90
TOTAL	**971.49**	**1,299.05**

A. Term Loans of ₹433.46 Crore (FIs – ₹27.28 Crore, Banks ₹406.18 Crore) are secured by means of first pari passu mortgage/charge on the fixed assets of the company . Out of the above Term Loan, ₹195.89 Crore (FIs - ₹27.28 Crore, Banks ₹168.61 Crore) are further secured by second charge on the current assets of the Company. These Term Loans are/shall repayable as under :-

1. Term Loans of ₹2.17 Crore is repayable in June 2018.
2. Term Loans aggregating to ₹431.29 Crore are repayable in total 191 quarterly instalments from June 2018 to October 2024.

B. Term Loans of ₹758.51 Crore (FIs – ₹152.00, Banks ₹606.51 Crore) is secured by means of first pari passu mortgage/charge on the fixed assets, both present and future, of Unit JKPM of the company. These Term Loans are/shall repayable as under :-

1. Term Loans aggregating to ₹298.80 Crore are repayable in total 61 equal Quarterly-instalments from June 2018 to September 2027.
2. Term Loans aggregating to ₹313.96 Crore are repayable in total 34 equal half-yearly instalments from May 2018 to August 2023.
3. Term Loans aggregating to ₹145.75 Crore are repayable in total 40 quaterly instalmenst from May 2018 to May 2022.

C. Term Loans aggregating to ₹1.91 Crore (FIs – ₹ Nil, Banks ₹1.91) are secured by specific charge on the Vehicle hypothicated against these loans. These Term Loans are repayable in total 57 monthly instalments from April 2018 to December 2022.

D. Secured Term loans from Financial Institutions and Banks have been reduced by ₹14.57 Crore (FIs – ₹0.63 Crore, Banks ₹13.94 Crore) due to effective rate of interest.

E. Certain charges are in the process of satisfaction. Secured Term loans from Financial Institutions and Banks include ₹378.53 Crore foreign currency loans.

F. FCCB`s of EURO 2.40 Million @ 6.455% issued on 30th May, 2011 are convertible into equity shares of the company at an initial conversion price of ₹65 per share, subject to price adjustment as per agreement, after 3 years and 6 months from the date of issue. The Company has received a request from the FCCB Holder on 4th May, 2018 for conversion of their FCCB's (series-5) into equity shares and the company has allotted the equity shares on 8th May 2018. The amount of FCCB has been reduced by ₹0.02 Crore due to effective rate of interest.

G. Term Loan of ₹7.50 Crore from related party is repayable in 47 monthly installment from June 2018 to April 2022. The amount of Loan from related party has been reduced by ₹0.05 Crore due to effective rate of interest.

H. Public Deposits are due for repayment in 2018-19, 2019-20 & 2020-21.

NOTE 19. NON CURRENT FINANCIAL LIABILITIES - OTHER

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Trade Deposits	48.25	45.96
Interest Accrued but not due on Loans	1.21	5.08
Derivative Financial Instruments (at fair value through P&L)	2.24	2.89
TOTAL	**51.70**	**53.93**

Notes to the Consolidated Financial Statements *(Contd.)*

NOTE 20. NON CURRENT PROVISIONS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Provision for Employee Benefits	6.55	5.78
TOTAL	**6.55**	**5.78**

NOTE 21. DEFERRED TAX LIABILITIES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income Tax	423.48	406.73
Tax on carried forward unabsorbed Depreciation	(125.54)	(225.43)
Tax on Others	9.11	15.15
a. **Total Deferred Tax Liability**	**307.05**	**196.45**
Opening MAT Credit Entitlements	(96.89)	(50.27)
Current MAT Credit Entitlement	(69.42)	(46.62)
b. **Total MAT Credit Entitlement**	**(166.31)**	**(96.89)**
c. **Net Deferred Tax Liability (a+b)**	**140.74**	**99.56**

Based on the past performance and current plans, the Company expects to continue to generate taxable income which will enable it to utilise MAT credit entitlement.

NOTE 22. CURRENT FINANCIAL LIABILITIES - BORROWINGS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
SECURED		
Working Capital Borrowings from Bank	50.89	74.60
UNSECURED		
Vendor Bill Discounting	1.31	6.92
Buyer's Credit facilities from Bank	22.10	45.79
Public Deposits	1.73	0.44
TOTAL	76.03	127.75

Working Capital Borrowings are secured by hypothecation of Raw Materials, Finished Goods, Stock-in-Process, Stores & Spares and Book Debts. The same are further secured by a second charge on the movable and immovable assets of the Company.

NOTE 23. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLE

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Trade Payable		
Total Outstanding dues of Micro and Small Enterprises	0.55	0.19
Total Outstanding dues of Creditors other than Micro and Small Enterprises	254.71	231.26
TOTAL	255.26	231.45

Notes to the Consolidated Financial Statements *(Contd.)*

NOTE 24. CURRENT FINANCIAL LIABILITIES - OTHER

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Current Maturities of Non Current Borrowings	262.01	270.90
Interest Accrued but not due	14.43	16.45
Unclaimed Dividends #	0.13	0.12
Unclaimed Matured Deposits #	0.72	0.59
Unclaimed Interest on Unclaimed Matured Deposits #	0.11	0.09
Derivative Financial Instruments (at fair value through P&L)	0.41	1.44
Capital Creditors	1.28	5.05
Other Payables	55.23	48.53
TOTAL	**334.32**	**343.17**

Investor Education and Protection Fund will be credited as & when due.

NOTE 25. OTHER CURRENT LIABILITIES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Advance from Customers	7.17	4.92
Statutory Dues	16.58	21.75
Other Payables	95.74	79.17
TOTAL	**119.49**	**105.84**

NOTE 26. SHORT TERM PROVISIONS

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Provision for Employee Benefits	5.88	7.85
TOTAL	**5.88**	**7.85**

NOTE 27. CURRENT TAX LIABILITIES

₹ in Crore (10 Million)

Particulars	March 31, 2018	March 31, 2017
Provision for Income Tax (Net of Advance tax)	1.20	-
TOTAL	**1.20**	**-**

NOTE 28. OTHER OPERATING REVENUES

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Insurance Charges Recovered	-	0.67
Miscellaneous Income	51.24	26.53
TOTAL	**51.24**	**27.20**

NOTE 29. OTHER INCOME

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Interest Income	7.05	7.74
Dividend Income (PY ₹47,750/-)	0.01	0.00
Profit on Sale/Fair value of Current investment	15.45	14.63
Profit on Sale of Non-Current investment	-	11.67
Foreign Exchange Fluctuation	-	0.76
TOTAL	**22.51**	**34.80**

Notes to the Consolidated **Financial Statements** *(Contd.)*

NOTE 30. COST OF MATERIALS CONSUMED

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Hardwood & Bamboo	611.13	671.74
Pulp	252.68	213.97
Chemicals	291.27	280.08
Packing Material	99.29	102.61
TOTAL	**1,254.37**	**1,268.40**

NOTE 31. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Inventories at the beginning of the year		
Finished Goods	94.26	85.70
Stock in Trade	15.88	11.90
Work-in-Progress	17.49	23.59
Renewable Energy Certificates	0.22	0.21
	127.85	121.40
Inventories at the end of the year		
Finished Goods	67.03	94.26
Stock in Trade	53.11	15.88
Stock-in-Process	11.28	17.49
Renewable Energy Certificates	-	0.22
	131.42	127.85
Add:- Excise Duty on Variation of Stock	(6.79)	1.76
(Increase)/ Decrease in Stock TOTAL	**(10.36)**	**(4.69)**

NOTE 31. EMPLOYEE BENEFIT EXPENSES

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Salaries, Wages, Allowances, etc.	213.29	200.97
Contribution to Provident and Other Funds	12.22	10.80
Staff Welfare Expenses	6.37	6.38
TOTAL	**231.88**	**218.15**

NOTE 33. FINANCE COST

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Interest on:		
Term Loan and Fixed Deposits	122.88	157.35
Others	9.80	13.01
Other Borrowing Costs:		
Financial Charges	12.85	10.55
Premium on Forward Exchange Contracts	0.47	0.34
Lease rent on Machinery	-	0.03
Net (Gain) or Loss on Foreign Currency Transaction	(2.98)	6.36
TOTAL	**143.02**	**187.64**

Notes to the Consolidated **Financial Statements** *(Contd.)*

NOTE 34. DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Depreciation on Property Plant & Equipment	121.09	119.45
Amortisation of Other Intangible Assets	1.23	1.23
TOTAL	**122.32**	**120.68**

NOTE 35. OTHER EXPENSES

₹ in Crore (10 Million)

Particulars		2017-18		2017-18
Consumption of Stores and Spares		60.03		58.80
Power, Fuel and Water		245.59		212.38
Repairs to Building		12.51		10.65
Repairs to Machinery		24.54		29.95
Rent (Net)		9.88		9.01
Insurance		4.07		2.27
Rates and Taxes		0.89		0.79
Commission on Sales		3.74		2.21
Directors' Fees		0.16		0.19
Directors' Commission		1.99		1.22
Foreign Exchange Fluctuation		3.06		-
Loss on Sale of Assets		0.17		0.01
Asset Written off		0.10		0.08
Bad Debts	17.70		0.60	
Less: Withdrawal from Provision for Doubtful Debts	15.42		-	
Less: Withdrawal from Provision for Doubtful Advance	1.44	0.84	0.35	0.25
Provision for Doubtful Debts		0.19		2.70
Other Miscellaneous Expenses		97.89		76.53
TOTAL		**465.65**		**407.04**

NOTE 36. PRINCIPLES OF CONSOLIDATION:

a. The Consolidated Financial Statements comprise of the financial statements of JK Paper Limited (Parent Company) and the following as on March 31, 2018;

i Subsidiaries:

Name	Proportion of ownership interest	Financial Statements as on	Status
Jaykaypur Infrastructure & Housing Limited, India	100%	March 31, 2018	Audited
Songadh Infrastructure & Housing Limited, India	100%	March 31, 2018	Audited
JK Enviro-Tech Limited, India	100%	March 31, 2018	Audited
JK Paper International (Singapore) Pte Ltd, Singapore	100%	March 31, 2018	Audited

ii Joint Venture:

Name	Proportion of ownership interest	Financial Statements as on	Status
Habras MZZ Plantation Myanmar Company Limited, Myanmar*	50.00%	March 31, 2018	Audited

*Joint venture of JK Paper International (Singapore) Pte Ltd, Singapore

b. The Financial Statements of the Parent Company and its Subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of Assets, Liabilities, Income and Expenses, after eliminating intra-group balances and intra-group transactions.

c. Investment in Joint Venture, are accounted for using equity method as per Indian Accounting Standard (Ind AS) 28 – "Accounting for Investments in Associates and joint ventures" notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014.

d. In case of foreign subsidiary, being non-integral operations, revenue items are consolidated at the average exchange rate during the year. All assets and liabilities are translated at year end exchange rate. The resulting exchange differences are accumulated in the Foreign Currency Translation Reserve.

e. The summary of share of Net Assets and Profit/(Loss) of Subsidiaries and Joint Venture:

₹ in Crore (10 Million)

Name of the Entity	Net Assets i.e Total Assets minus Total Liabilities		Share in Profit/(Loss)	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit	Amount
Subsidiaries				
Jaykaypur Infrastructure & Housing Ltd	0.24%	3.88	0.07%	0.19
Songadh Infrastructure & Housing Ltd	0.38%	6.31	0.07%	0.18
JK Enviro-Tech Limited	0.12%	1.97	0.02%	0.06
JK Paper International (Singapore) Pte Ltd	0.97%	15.97	(0.03%)	(0.07)
Joint Venture				
Habras MZZ Plantation Myanmar Company Limited, Myanmar (Joint Venture of JK Paper International (Singapore) Pte Ltd)	0.00%	-	0.00%	-

f. Other Notes to Accounts of the Financial Statements of the Company and its subsidiaries are stated in their respective Financial Statements. Hence not disclosed again in Consolidated Accounts.

Notes to the Consolidated Financial Statements *(Contd.)*

NOTE 37. SEGMENT REPORTING

The Company has identified business segment as the primary segment, after considering all the relevant factors. The Company's manufactured products are sold primarily within India hence there is no reportable geographical segment. The Company's operation predominantly relates to manufacture of Paper & Boards. Other Business Segment comprises activities for providing housing facilities to the employees engaged in Paper & Board manufacturing business. These operations are insignificant in the context of total turnover; hence same has been shown as "Others".

₹ in Crore (10 Million)

S. No.	Particulars	For the year ended March 31, 2018			For the year ended March 31, 2017		
		Paper & Board	Others	Total	Paper & Board	Others	Total
A	**Segment Revenue**						
	External Revenue	2,877.49	-	2,877.49	2,764.03	-	2,764.03
	Inter- segment Revenue	-	6.92	6.92	-	8.55	8.55
	Total Revenue	2,877.49	6.92	2,884.41	2,764.03	8.55	2,772.58
B	**Segment Results**						
	Segment Results (PBIT excluding Exceptional items)	492.44	3.49	495.93	392.90	3.47	396.37
	Less : (i) Interest & Financial Charges (Net)	-	-	143.02	-	-	187.64
	(ii) Exceptional items	-	-	-	-	-	-
	(iii) Other Un-allocable Expenditure (net off Un-allocable Income)	-	-	(22.51)	-	-	(34.80)
	Total Profit / (Loss) before Tax (PBT)	-	-	375.42	-	-	243.53
C	**Capital Employed**						
	Segment Assets	3,539.56	68.89	3,608.45	3,534.55	61.08	3,595.63
	Segment Liabilities	1,961.54	1.12	1,962.66	2,271.52	2.86	2,274.38
	Total Capital Employed (net)	1,578.02	67.77	1,645.79	1,263.03	58.22	1,321.25
	Capital Expenditure	89.55	0.49	90.04	14.86	2.53	17.39
	Depreciation & Amortisation	120.89	1.43	122.32	119.53	1.15	120.68
	Non Cash Expenses other than Depreciation	-	-	-	-	-	-

NOTE 38. CONTINGENT LIABILITIES & COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Crore (10 Million)

Contingent Liabilities		Year ended March 31, 2018	Year ended March 31, 2017
a)	**Claim against the company not acknowledged as debts.**		
	Excise duty/ Custom duty/Service tax liability in respect of matter in appeals	18.08	14.91
	Sales tax/ VAT/Octrai liability in respect of matter in appeals	0.91	0.91
	Income tax liability that may arise in respect of matters in appeal referred by the department	0.77	0.69
	Other matters	7.26	7.26
b)	**Commitments:**		
	Contracts remaining to be executed on capital account (Net of Advances)	**47.45**	**14.92**
	Export commitments against import of capital goods under EPCG scheme	**160.83**	**399.40**

In respect of certain disallowances and additions made by the income tax authorities, appeals are pending before the appellate authorities and adjustments , if any, will be made after the same are finally determined.

Notes to the Consolidated **Financial Statements** *(Contd.)*

NOTE 39. In respect of levy of Octroi pertaining to Unit - CPM by Songadh Group Gram Panchayat, the Company has paid Rs.1.25 Crore till March 31, 1997 under protest and also created a liability of the similar amount. As the matter is still pending in the court of law, the necessary adjustment, if any, would be made after its disposal.

NOTE 40. Advances recoverable shown under " Other Current Assets " in Note No.16 ,includes ₹ NIL (Previous Year ₹4.27 Crore) payments made for various development projects being undertaken by the Company.

NOTE 41.

a) During the year, the Company has allotted 1,95,41,985 Equity Shares of ₹10/- each upon conversion of FCCBs Series-3 & 4 of Euro 6.5 million each and FCCBs Series 5 of Euro 4.1 million.

b) The Company has allotted 27,42,735 Equity Shares of ₹10/- each upon conversion of FCCBs (Series 5) of Euro 2.40 million, after the financial year ended March 31, 2018

NOTE 42. EARNING PER SHARE

₹ in Crore (10 Million)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a. Profit/ (loss) after tax for Basic Earnings Per share	260.53	171.82
Add: Interest on Foreign Currency Convertible Bonds (FCCBs) (net of tax)	0.91	7.14
Profit for Diluted Earnings Per Share	261.44	178.96
b. Weighted Average Number of Ordinary Shares		
Basic	17,01,22,773	15,08,71,029
Effect of Conversion Option	81,20,814	2,89,78,567
Diluted	17,82,43,587	17,98,49,596
c. Nominal Value of Ordinary Shares	₹10/-	₹10/-
d. Earning Per Ordinary Share (Rs.)		
Basic	15.31	11.39
Diluted	14.67	9.95

NOTE 43. RELATED PARTY DISCLOSURES

a) List of Related Parties

i. Enterprise which holds more than 20% of Equity Share

Bengal & Assam Company Limited (BACL)

ii. Trust under common control

JK Paper Ltd (JK Paper Mills) Compulsory Employees Provident Fund

JK Paper Ltd Employees Gratuity Fund

JK Paper Ltd Officers Superannuation Scheme

iii. Key Management Personnel (KMP)

Executive Directors

Shri Harsh Pati Singhania, Vice Chairman & Managing Director

Shri Om Prakash Goyal, Whole-Time Director

Executives

Shri V. Kumaraswamy, Chief Finance Officer

Shri S.C. Gupta, Vice President & Company Secretary

Non-Executive Directors

Shri Bharat Hari Singhania, Chairman

Shri Arun Bharat Ram

Shri Dhirendra Kumar

Shri M.H.Dalmia

Shri R.V.Kanoria

Shri Sandip Somany

Shri Shailendra Swarup

Shri Udayan Bose

Smt. Vinita Singhania

Shri Wim Wienk

b) The following transactions were carried out with related parties in the ordinary course of business:

₹ in Crore (10 Million)

Sl. No.	Nature of Transaction	Enterprise which holds more than 20% of Equity Share	
		BACL	
		2017-18	2016-17
(i)	Interest Paid	1.32	5.30
(ii)	Rent Paid	0.05	0.05
(iii)	Loan Repaid	32.50	-
(iv)	Purchase of share of JK Enviro-Tech Limited	-	0.02
(v)	Outstanding at end of the period - Payable	7.50	43.72

₹ in Crore (10 Million)

Sl. No	Nature of Transactions	Trust under common control					
		Employees Provident Fund		Employees Gratuity Fund		Officers Superannuation Scheme	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
(i)	Contribution	3.52	3.11	4.58	6.60	0.60	0.67
(ii)	Outstanding at end of the period- Payable	0.30	0.28	0.67	1.03	0.60	0.65

Key Management Personnel (KMP) :

Sl. No	Particulars	2017-18	2016-17
(i)	Short-term Employee Benefits #	27.00	20.19
(ii)	Commission and other benefits to Non-Executive Directors *	2.13	1.29

The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

* Including sitting fees and commission

NOTE 44. FINANCIAL INSTRUMENTS

Financial Assets

₹ in Crore (10 Million)

Sl. No.	Particulars	Note	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1.	Financial assets designated at fair value through profit and loss						
	a) Derivatives - not designated as hedging instruments	A	Level-2	10.24	10.24	1.21	1.21
	b) Investment						
	i) In mutual funds and others	B	Level-1	127.22	127.22	242.59	242.59
2.	Financial assets designated at fair value through other comprehensive income						
	Investment In Equity shares	C	Level-1	8.84	8.84	8.83	8.83
3.	Financial assets designated at amortised cost						
	a) Other Bank Balances*			104.42	104.42	13.81	13.81
	b) Cash & Cash Equivalents*			18.95	18.95	16.30	16.30
	c) Trade receivables*			109.15	109.15	110.81	110.81
	d) Other receivables*			18.72	18.72	17.40	17.40
	e) Other financial assets			13.93	13.93	10.10	10.10
4.	Investment in Joint Venture	D		15.87	15.87	7.46	7.46
				427.34	**427.34**	**428.51**	**428.51**

Financial Liabilities

₹ in Crore (10 Million)

Sl. No.	Particulars	Note	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017	
				Carrying Amount	Fair Value	Carrying Amount	Fair Value
1.	Financial liability designated at fair value through profit and loss						
	a) Derivatives - not designated as hedging instruments	A	Level-2	2.65	2.65	4.33	4.33
2.	Financial liability designated at amortised cost						
	a) Borrowings	E		1047.52	1047.52	1426.80	1426.80
	b) Trade payables*			255.26	255.26	231.45	231.45
	c) Other financial liability*			383.37	383.37	392.77	392.77
				1,688.80	1,688.80	2,055.35	2,055.35

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values.

A The fair values of derivatives are on MTM as per Bank

B Company has opted to fair value its mutual fund investment through profit & loss

C Company has opted to fair value its quoted investments in equity share through OCI

D As per Para D-15 of Appendix D of Ind AS 101, the first time adopter may chose to measure its investment in subsidiaries, JVs and Associates at cost or at fair value. Company has opted to value its investments in subsidiaries, JVs and Associates at cost.

E Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

* The carrying amounts are considered to be the same as their fair values due to short term nature.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

NOTE 45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

45.1 Financial risk factors

The Company's operational activities expose to various financial risks i.e. market risk, credit risk and risk of liquidity. The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk & interest rate risk. The Company calculates and compares the alternative sources of funding by including cost of currency cover also. Whenever, the currency cover costs are such as to neutralize the advantage in foreign currency, loans are hedged so as to not to lose advantage. The Company uses derivative financial instruments to reduce foreign exchange risk exposures.

i. Credit Risk

The Company evaluates the customer credentials carefully from trade sources before appointment of any distributor and only financially sound parties are appointed as distributors. The Company secures adequate deposits from its distributor and hence risk of bad debt is limited. The credit outstanding is sought to be limited to the sum of advances/deposits and credit limit determined by the company. The company have stop supply mechanism in place in case outstanding goes beyond agreed limits.

ii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e. currency rate , interest rate and other price related risks. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

a.) Foreign Currency Risk and sensitivity

The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to reduce foreign exchange risk exposures and follows its risk management policies to mitigate the same. After taking cognisance of the natural hedge, the company takes appropriate hedges to mitigate its risk resulting from fluctuations in foreign currency exchange rate(s).

The following table analyzes foreign currency risk from financial instruments as of March 31, 2018:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	SGD	Total
Financial Assets	0.05	-	-	0.06	0.11
Cash and cash equivalents	18.58	0.04	0.24	-	18.86
Trade receivables	-	-	-	-	-
Other financials assets (including loans)	-	-	-	-	-
Financial liabilities					
Trade payables	(46.44)	(0.58)	* (0.00)	-	(47.03)
Other financials liabilities	0.03	-	-	-	0.03
Borrowings	(163.78)	(256.19)	-	-	(419.98)
Interest Accrued but not due	(0.40)	(0.75)	-	-	(1.15)
Net assets / (liabilities)	**(191.96)**	**(257.49)**	**0.24**	**0.06**	**(449.15)**

*₹42,229/-

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

₹ in Crore (10 Million)

Particulars	USD	Euro	GBP	SGD	Total
Financial Assets					
Cash and cash equivalents	0.02	-	-	0.03	0.02
Trade receivables	7.93	-	0.14	-	8.07
Other financials assets (including loans)	-	-	-	-	-
Financial liabilities					
Trade payables	(30.54)	(0.34)	*(0.00)	-	(30.88)
Other financials liabilities	0.01	-	-	-	0.01
Borrowings	(187.52)	(360.24)	-	-	(547.75)
Interest Accrued but not due	(0.33)	(3.12)	-	-	(3.45)
Net assets / (liabilities)	**(210.42)**	**(363.70)**	**0.14**	**0.03**	**(573.98)**

* ₹37,011/-

The following significant exchange rates have been applied during the year

	Year-end spot rate	
INR	March 31, 2018	March 31, 2017
USD	65.04	64.84
EUR	80.62	69.25
GBP	92.28	80.88
SGD	47.95	46.43

Foreign Currency Sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

0.25% Increase and decrease in foreign exchanges rates will have the following impact on profit before tax

₹ in Crore (10 Million)

Particulars	2017-18		2016-17	
	0.25% Increase	0.25% decrease	0.25% Increase	0.25% decrease
USD Sensitivity	0.04	(0.04)	(0.02)	0.02
Euro Sensitivity (CY ₹29877/-)	(0.00)	0.00	(0.01)	0.01
GBP Sensitivity (CY ₹5875/-, PY ₹3,398/-)	0.00	(0.00)	0.00	(0.00)
Increases/ (decrease) in profit or loss	0.04	(0.04)	(0.03)	0.03

Summary of Exchange difference accounted in Statement of Profit and loss:

₹ in Crore (10 Million)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Currency fluctuations		
Net foreign exchange (gain)/ losses shown as operating expenses	3.06	-
Net foreign exchange (gain)/ losses shown as Finance Cost	0.34	0.95
Net foreign exchange (gain)/ losses shown as Other Income	-	(0.76)
Derivatives		
Currency forwards (gain) / losses shown as operating expenses	-	-
Interest rate swaps (gain) / losses shown as finance cost	(3.32)	5.41
Net foreign exchange (gain)/ losses shown as Other Income	-	-
TOTAL	0.08	5.60

b. Interest Rate Risk and Sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to long term debt. The Company has entered into various interest rate swap contracts, in which it agrees to exchange, at specific intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed upon principal amount. Borrowings at variable rates expose the Company to cash flow interest rate risk. With all other variables held constant, the following table demonstrates composition of fixed and floating rate borrowing of the company and impact of floating rate borrowings on company's profitability.

Interest Rate Risk Exposure

Particulars	March 31, 2018		March 31, 2017	
	(₹ in Crores)	% of Total	(₹ in Crores)	% of Total
Fixed Rate Borrowings	660.95	50.47%	559.53	32.96%
Variable Rate Borrowings	648.58	49.53%	1,138.17	67.04%
Total Borrowings	1,309.53	100.00%	1,697.70	100.00%

Sensitivity on variable rate borrowings

₹ in Crore (10 Million)

Particulars	Impact on Profit & Loss Account		Impact on Equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Interest Rate Increase by 0.25%	(1.91)	(2.87)	(1.91)	(2.87)
Interest Rate decrease by 0.25%	1.91	2.87	1.91	2.87

Notes to the Consolidated Financial Statements *(Contd.)*

c. **Commodity price risk and sensitivity**

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

CREDIT RISK

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹109.15 Crore and ₹110.81 Crore as of March 31, 2018 and March 31, 2017, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account as per the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

(In %)

Particulars	Year ended March 31	
	2018	2017
Revenue from top customer	4.23%	4.30%
Revenue from top five customers	18.88%	16.49%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2018 was ₹0.20 Crore.

₹ in Crore (10 Million)

Particulars	Year ended March 31	
	2018	2017
Balance at the beginning	15.43	13.08
Impairment loss reversed	(15.42)	(0.35)
Additional provision created during the year	0.19	2.70
Balance at the end	**0.20**	**15.43**

The deposits with banks constitute mostly the liquid investment of the company and are generally not exposed to credit risk

Ageing Analysis of Trade Receivables

₹ in Crore (10 Million)

Particulars	As March 31, 2018				As March 31, 2017			
	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months	Not Due and Not Impaired	Up to Six Months	Six to Twelve Months	Above 12 Months
Unsecured	86.34	20.92	1.19	0.91	92.57	15.66	-	18.01
Provision for Doubtful Receivables	-	-	-	(0.20)	-	-	-	(15.43)
Net Balance	**86.34**	**20.92**	**1.19**	**0.71**	**92.57**	**15.66**	**-**	**2.58**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure funds are available for use as per the requirement. The company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The company also has adequate credit facilities agreed with the banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost effective manner.

Notes to the Consolidated **Financial Statements** *(Contd.)*

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	76.03	76.03	-	-	**76.03**
Borrowings - Non-Current	1,233.50	262.01	790.47	181.02	**1,233.50**
Trade payables	255.26	255.26	-	-	255.26
Other financial liabilities - Current	334.32	334.32	-	-	334.32
Other financial liabilities - Non-Current					
Trade Deposits	48.25	-	-	48.25	**48.25**
Interest accrued but not due on loans	1.21	-	1.21	-	**1.21**
Derivative Financial Instruments	2.24	-	2.20	0.04	**2.24**

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

₹ in Crore (10 Million)

Particulars	Carrying Amount	Less than 1 year	1-5 years	More Than 5 Year	Total
Borrowings - Current	127.75	127.75	-	-	**127.75**
Borrowings - Non-Current	1,569.95	270.90	985.38	313.67	**1,569.95**
Trade payables	231.45	231.45	-	-	231.45
Other financial liabilities - Current	343.17	343.17	-	-	343.17
Other financial liabilities - Non-Current					
Trade Deposits	45.96	-	-	45.96	**45.96**
Interest accrued but not due on loans	5.08	-	4.92	0.16	**5.08**
Derivative Financial Instruments	2.89	-	2.35	0.54	**2.89**

45.2 Competition and Price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

45.3 Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be.

₹ in Crore (10 Million)

Particulars	As at March 31 2018	As at March 31 2017
Borrowings	1,309.53	1,697.70
Less: Cash and cash equivalents including bank balance	123.37	30.11
Less: Current Investments	127.22	242.59
Net debt	1,058.94	1,425.00
Equity	1,645.79	1,321.25
Capital and Net debt	2,704.73	2,746.25
Gearing Ratio	39%	52%

Notes to the Consolidated Financial Statements *(Contd.)*

NOTE 46. DERIVATIVE FINANCIAL INSTRUMENTS

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

Forward Contract outstanding for the purpose of hedgeing at the Balance Sheet Date

Sr. No.	Foreign Currency	March 31, 2018		March 31, 2017	
		FC in Mn	₹ In Cr.	FC in Mn	₹ In Cr.
1	US Dollar	30.70	199.67	24.35	157.89
2	Euro	17.77	143.27	2.29	15.87

Nominal amounts of Complete Currency Swaps (CCS) for hedging entered into by the Company and outstanding at end of the year is ₹41.77 Crore (Previous year Rs.42.39 Crore).

Foreign Currency Exposure not hedged as at the Balance Sheet Date

Sr. No.	Foreign Currency	March 31, 2018		March 31, 2017	
		FC in Mn	₹ In Cr.	FC in Mn	₹ In Cr.
1	US Dollar *	(1.17)	(7.63)	8.11	52.57
2	Euro	8.99	72.45	44.11	305.44
3	GBP *	(0.03)	(0.24)	(0.02)	(0.14)

*Net of Receivables USD 2.86 Million – ₹18.58 Crore (Previous year USD 1.22 Million – ₹7.93 Crore), Euro 0.004 Million – ₹0.04 Crore (Previous year Euro Nil – ₹ Nil) and GBP 0.03 Million – ₹0.24 Crore (Previous year GBP 0.02 Million - ₹0.14 Crore).

Interest Rate Swaps

The Company has variable interest foreign currency borrowings. To offset the risk of variation in interest rates, the Company has entered into, fix pay and variable receipt, interest rate swaps. These swap contracts are in US Dollar & Euro. Outstanding amortised notional value of loan for swap contracts and MTM taken there on are as follows :

Sr. No.	Foreign Currency	March 31, 2018		March 31, 2017	
		Loan FC in Mn	MTM ₹ In Cr. (Gain)/Loss	Loan FC in Mn	MTM ₹ In Cr. (Gain)/Loss
1	US Dollar	11.61	0.68	7.77	0.80
2	Euro	24.20	(0.38)	28.80	(0.30)

The company is fully covered on interest rate fluctuation on foreign currency borrowing through interest rate swaps (IRS) and complete currency swaps (CCS).

Notes to the Consolidated Financial Statements *(Contd.)*

NOTE 47. INCOME TAX

a) Amount recognised in Statement of Profit and Loss

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Current Income Tax		
Current year	74.94	47.58
Adjustment in respect of current income tax of earlier years	(1.82)	(0.09)
MAT Credit Entitlement		
Current year	(74.86)	(47.55)
Reversal of MAT credit entitlement of earlier years	5.44	0.93
Total	**3.70**	**0.87**
Deferred Tax	111.19	68.17
Income tax expense reported in the statement of profit and loss	**114.89**	**69.04**

b) Reconciliation of Effective Tax Rate

₹ in Crore (10 Million)

Particulars	2017-18	2016-17
Profit before tax	**375.42**	**243.53**
At applicable Statutory Income Tax Rate CY @ 31.20%, PY @ 30.90%	117.13	75.25
Tax Impact on:-		
Reversal of 80IA	0.80	0.80
Donation	2.45	1.55
Differential Tax Rates of Subsidiaries	(0.31)	(0.01)
In House R&D Expenditure	**(0.88)**	**(1.23)**
CSR Expenditure	0.64	0.37
Others	(4.95)	(7.69)
Reported Income Tax Expense	**114.89**	**69.04**
Effective Tax Rate	**30.60%**	**28.35%**

NOTE 48. Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

NOTE 49. Notes 1 to 48 are annexed to and form an integral part of financial statements.

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

V. KUMARASWAMY
Chief Finance Officer

S.C. GUPTA
Vice President &
Company Secretary

H.P. SINGHANIA — Vice Chairman & Managing Director
O.P. GOYAL — Whole Time Director

ARUN BHARAT RAM, SHAILENDRA SWARUP
DHIRENDRA KUMAR, UDAYAN BOSE
M.H. DALMIA, VINITA SINGHANIA
SANDIP SOMANY, R.V. KANORIA
Directors

Consolidated Cash Flow Statement for the year ended 31st March, 2018

₹ in Crore (10 Million)

	Particulars	2017-18		2016-17	
A.	CASH FLOW FROM OPERATING ACTIVITIES :				
	Net Profit before Tax and Extra-ordinary Items	375.42		243.53	
	Adjustments for :				
	Depreciation	122.32		120.68	
	Share in Profit/(loss) of Joint Venture	-		(2.67)	
	Defined Benefit Plans charged to OCI	(1.86)		(4.58)	
	Income from Investments	(15.45)		(26.30)	
	(Profit)/ Loss on Sale of Assets (Net)	0.17		0.01	
	Dividend Income (PY ₹47,750/-)	(0.01)		(0.00)	
	Finance Cost	143.02		187.64	
	Interest Income	(7.05)		(7.74)	
	Foreign Exchange Fluctuation	3.06		(0.76)	
	Assets Written off	0.10		0.08	
	Bad Debts	0.84		0.25	
	Provision for Doubtful Debts	0.19		2.70	
	Foreign Currency Translation gain / (loss) on Consolidation	0.08		(0.27)	
	Operating Profit before Working Capital Changes	620.83		512.57	
	Adjustments for Working Capital Changes:				
	Trade and Other Receivables	(23.78)		57.00	
	Inventories	(11.29)		(48.23)	
	Trade and Other Payables	43.69		89.87	
	Cash generated from Operations	629.45		611.21	
	Taxes paid	(69.14)		(46.51)	
	Net Cash from Operating Activities		560.31		564.70
B.	CASH FLOW FROM INVESTING ACTIVITIES :				
	Purchase of Property Plant & Equipment	(89.58)		(69.42)	
	Sale of Property Plant & Equipment	1.19		10.51	
	Sale/(Purchase) of Investments (Net)	122.41		(210.15)	
	Dividend Income (PY ₹47,750/-)	0.01		0.00	
	Interest Received	6.24		7.52	
	Net Cash from Investing Activities		40.27		(261.54)
C.	CASH FLOW FROM FINANCING ACTIVITIES :				
	Proceeds of Long-term Borrowings	177.51		249.83	
	Repayment of Long-term Borrowings	(460.16)		(349.32)	
	Proceeds/(Repayment) from Short-term Borrowings (Net)	(51.72)		(0.54)	
	Interest and Financial Charges	(143.46)		(179.83)	
	Dividend (including Dividend Tax)	(29.49)		(8.97)	
	Net cash from Financing Activities		(507.32)		(288.83)
D.	Increase/(Decrease) in Cash and Cash Equivalents - Cash & Bank Balance		93.26		14.33
E.	Cash and Cash Equivalents as at the beginning of the year - Cash & Bank Balances (Note No. 11 & 12)		30.11		15.78
F.	Cash and Cash Equivalents as at the close of the year - Cash & Bank Balances (Note No. 11 & 12)		**123.37**		**30.11**
Notes:					
(a)	Total Liabilities from Financing Activities	Long Term	Short Term	Long Term	Short Term
	Opening	1,569.95	127.75	1,763.48	74.60
	Cash Flow Changes				
	Inflow/(Repayments)	(282.65)	(51.82)	(99.49)	54.35
	Non-Cash Flow Changes				
	Foreing Exchange	32.41	0.10	(44.31)	(1.20)
	FCCB Conversion	(94.70)	-	(57.33)	-
	Other	8.49	-	7.61	-
	Closing	**1,233.50**	**76.03**	**1,569.95**	**127.75**
(b)	Previous year's figures have been re-grouped / re-arranged wherever necessary.				

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements

For and on behalf of the Board

As per our report of even date.
For **LODHA & CO.**
Chartered Accountants
Firm's Registration Number 301051E

N.K. LODHA
Partner
Membership No. 85155
New Delhi, the 14th May, 2018

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NOTE

THE PAPER INDUSTRY: COUNTERING MYTHS

Myth	Reality
The paper industry is resulting in deforestation	The Indian paper industry is an agro-based industry, not a forest-based one. Currently, 90% of the sector's total wood requirement is coming from agro and farm forestry. Industry-led farm/social forestry in collaboration with farmers has brought marginal/non-cultivable land under responsible pulp wood plantation.
The paper industry is disturbing the ecological balance by cutting wood trees	The paper industry is wood-positive: it plants more trees through agro-forestry initiatives than it harvests. The pulp and paper industry consume only 3% of the national wood requirement.
The paper industry is on a downward growth trajectory	Demand projections show that paper consumption could increase to 24 million MT in 2024-25. India is the fastest growing paper market in the world.
The paper industry is technologically outdated	The larger, organised mills have invested in integration and state-of-the art pulp and paper machines. Around Rs. 25,000 crore investment has been made in capacity building and technology upgradation during last 5-7 years.
Paper is an unsustainable industry	Integrated paper mills generate 60% of their required power needs by utilising renewable energy sources. Water consumption per tonne of paper has decreased from 200 cubic meters to 50 cubic meters of water. Paper waste is fully recoverable and can be recycled.
The paper industry does not invest in research & development	Paper mills are at the cutting-edge of scientific research. There is increased focus on developing high-yielding, drought-tolerant and disease-resistant eucalyptus varieties. Several million clonal or seed-routed saplings were provided to farmers at subsidised rates.

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral –that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

MEMBER J.K. ORGANISATION

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