

ANNUAL REPORT 2013 - 2014

TRANSFORMING • GROWING • LEADING



JK PAPER LTD.





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Board of Directors

BHARAT HARI SINGHANIA
Chairman

HARSH PATI SINGHANIA
Vice Chairman & Managing Director

OM PRAKASH GOYAL
Whole-time Director

ARUN BHARAT RAM

DHIRENDRA KUMAR

M.H. DALMIA

R.V. KANORIA

SHAILENDRA SWARUP

SHAILESH HARIBHAKTI

UDAYAN BOSE

VINITA SINGHANIA

WIM WIENK

Offices

Registered Office

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

Administrative Office

Nehru House,
4, Bahadur Shah Zafar Marg
New Delhi - 110 002

Bankers

State Bank of India
Axis Bank
Canara Bank
IDBI Bank

Company Website

www.jkpaper.com

Plants

JK Paper Mills (Unit JKPM)

Jaykaypur - 765 017
Rayagada (Orissa)

Central Pulp Mills (Unit CPM)

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

Auditors

S.S. Kothari Mehta & Co.
Chartered Accountants

Company Secretary

Suresh Chander Gupta



Chairman's Statement

Dear Shareholder,

The incredible pace of change that the world has experienced in recent years has had its impact on paper industry as well. The industry has found new opportunities in the packaging and modern retail where paper has emerged as the preferred choice to other packaging materials. Globally, the paper industry has grown at a CAGR of around 1-2% over the last five years. In the developing economies, the growth is better and India has recorded a growth of around 8% CAGR.

India continues to remain a positive story, a growing economy where paper has use both in the development and in the consumption sector. Education drives the need in the development sector and better life style aspiration in the consumption sector. The industry however has to function in an environment where raw material is available but at a premium, environmental concerns are at their peak and the markets in flux. Sustainability is the new watchword which translates into extracting more value from the same unit of raw material than it has ever done. Greater thrust on literacy and rising income levels, growing consumerism and the fact that our per capita paper consumption is amongst the lowest in the world, are some of the factors that should help sustain annual growth of 8-9% in the coming years. My optimism about the growth of paper industry in India also stems from the fact that latest forecasts on the Indian economy are positive and an uptrend is visible. I am confident that India will not only regain but surpass its double digit GDP growth and take its rightful position as a third largest economy in the world. The recent developments in the company bode well for our future. JK Paper has implemented an ambitious expansion plan at an outlay of Rs.1775 crore, which besides increasing its revenue generating capacity also ensures that our manufacturing processes can be benchmarked with the best sustainability practices around the world. The new capacity will produce superior quality paper at competitive costs using eco-friendly contemporary technology and will further strengthen our leadership position.

JK Paper, which has been focussing predominantly on the Copier paper segment has also successfully attained leadership in Packaging Board and Coated Paper segments. The Company today caters to these high growth segments which are value added and not just commodities. It has emerged as a major player in each of these segments.

Customer satisfaction is one of our focus areas that continuously drives us to offer highest quality products. We continue to provide them cost-competitive products and enlarge our offerings to take advantage of the growing opportunities.

It is a matter of great satisfaction that various initiatives taken by your Company towards Corporate Social Responsibility (CSR) have been well received at esteemed forums and reinforces our belief that we are moving in the right direction in our endeavour to achieve operational excellence with social commitments.

With your continued support, I firmly believe that the company will achieve greater heights in the future.

I wish you and your family members all success in the future.

BHARAT HARI SINGHANIA

Vice Chairman & Managing Director's Message



Dear Shareholder,

The year gone by has been amongst the most challenging one for India. The economy at under 5 percent GDP growth touched its lowest in more than a decade and the manufacturing sector recorded amongst the lowest growth rates ever. The uncertainty on the policy front was compounded by lack of investment in key sectors that trigger economic recovery. Food inflation compounded the problem resulting in low consumer confidence and lowest spending on non-essential items. However, the expected rebound in economy is visible, a government with a decisive mandate is expected to restore the economy to a development path. The sentiment is already up with the stock markets touching record highs and investment by the FIIs flowing back into the country.

The year for JK Paper has been no less challenging. While we draw huge satisfaction from the fact that our most ambitious expansion plan stands implemented and in less than a full year of operation the capacity utilization is already over 85%, the parameters of sustainability and efficiency which were the *raison d'être* behind this expansion are well on their way to be met. The Company also at over Rs. 2,025 crores recorded its highest ever turnover. We have gained 7 percentage points in our market share in Office paper segment which has gone up from 19 to 26 percent. The market dynamics, however, have been changing more rapidly than ever in the history of paper industry. This requires us to quickly review and realign our existing strategies and further strengthen our position in segments like Coated papers, Packaging Board and Maplitho papers as well.

Along with technological excellence raw material sustainability has been a priority for JK Paper, our emphasis on the Farm Forestry Programme this year added an additional 14,877 Ha, which was almost a third higher than the previous year and our concerted efforts have cumulatively resulted in plantations of over 1,16,000 Ha since inception of the Farm Forestry Programme.

I am happy to share that our new facility at unit JKPM, Odisha with 215,000 TPA Pulp Mill and 165,000 TPA Paper Machine commissioned during the year is a matter of pride for all of us. It compares with the best in the world on key parameters, and puts us in the forefront of enterprises employing contemporary technology that lives the axiom - 'doing more with less'. We have been in the business of making paper for 75 years and have pioneered in introducing new varieties and brands to keep pace with changing customer needs and expectations. This customer focused approach has helped us to achieve the leadership position in the market and established a reputation for JK Brands that is enjoyed by none in the industry.

People have been at the centre of all our endeavours and development of human capital an article of faith, we have always believed that people are key to actualising the company's mission. All round development of people therefore is deeply embedded in our business ethos. Employee participation is encouraged along with their professional and personal development.

The Company has been playing the role of a responsible corporate citizen by not only respecting the environment through conservation of scarce natural resources but also playing a major role in community development in the form of literacy programs among tribal women, encouraging self-help groups, skill development programs and healthcare facilities for the underprivileged.

We will continue to strive to raise the bar higher to address the challenges of changing business environment as well as expectations of our stakeholders. I am sure that with your continued support, the company will achieve greater heights in the times to come.

I wish you and your family members all success in your endeavours.

HARSH PATI SINGHANIA



Better Technology for Enhanced Value.

We have been in the business of making paper and paperboards for three quarters of a century and in these years our touchstone has been to transform, grow and lead as per market demand and ever-changing customer needs. Today, lower environmental footprint, superior product quality and better value proposition to our customer is the new norm, the underpinning behind the new plant at our unit JKPM in Odisha that became operational in August 2013.

Built at an investment of Rs. 1775 crore, a state-of-the-art fully automated facility, right from the raw material feed to final end-product, ready for delivery, will not only help us to scale up our operations but also propel us to be amongst the leading businesses in the country and are transforming in to being both efficient and sustainable.

The expansion programme uses state of art technology in all the areas, such as a 215,000 TPA Fibre line, 165,000 TPA Paper machine, 55 MW Power generation, A4 converting and packaging line etc. Expansion of capacity is dominantly in the "Office paper" category and that too using the ultra modern technology to meet the burgeoning demand from digital printing segment.

With this expansion our resource conservation parameters at unit JKPM are benchmarked with the global standards.

In our endeavour to lead from the front, we remain committed to be a socially responsible and transparently governed company. And what sets us apart is our long track record of raising the benchmark of excellence for the paper industry as a whole.

True leadership is all about the ability to look beyond the horizon and push the frontiers and challenge possibilities by getting over the comfort zone. We have continuously raised the bar to achieve the highest levels of excellence and won various awards.



