

ANNUAL REPORT 2014 - 2015

Scripting
New-age Leadership



People • Planet • Profit







*Interior view of New Plant - PM6
from Wire Side*

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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

SANDIP SOMANY

SHAILENDRA SWARUP

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 (Odisha)

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 world economy is engulfed with troubled times, with Europe and Japan facing downturns during the year, and US providing little relief. The emerging economies, which were driving the global growth till recently, are now going through a period of sluggishness led by China that is slowly rebalancing itself after a sustained era of investment-led growth.

Against this backdrop the Indian economy has exhibited favourable macro parameters like higher GDP growth, record high foreign exchange reserves and low current account deficit. The Government's persistence on adhering to the Fiscal Deficit target has led to a stable rating from the rating agencies.

The disinflationary trend over the last 12 months has prompted RBI to cut policy rates by 75 basis points. However, this has not translated into commensurate reduction in interest rates and this quantum is itself inadequate to spur consumer demand and encourage new investment. In spite of the measures taken by the Government over the last year, demand continues to be weak and the manufacturing sector is saddled with overcapacity in several sectors.

Despite operating under challenges of economic slowdown for most of last year, it gives me great pleasure to inform that JK Paper was able to achieve its best ever performance by crossing Rs. 2,500 crore in sales for FY 2014-15. We were also faced with a scenario of higher raw material prices with very little pricing power over output due to cheap imports from China and ASEAN. I am happy to report that your Company has been able to achieve cost and scale economies in its recently commissioned integrated Pulp and Paper plant at Unit JKPM, Odisha. This is the single largest investment in this sector to date in India. With this major investment now bearing fruit, the Company has been able to report significantly improved financial performance during the latter half of the year.

Branded and value added products comprise a large part of the Company's output and the plant at Unit JKPM in Odisha has enabled your Company to offer new brands of papers to the customers who now have a much larger basket of papers and boards to meet their varied needs. Continued focus on quality and a wide marketing network has enabled the Company to retain a leading position in its market segments.

We firmly believe that the environment must be protected and used in a sustainable way. We therefore use environment friendly technologies and resources, be it raw material, water or energy, rationally by minimizing waste and maximizing recycling. It is a matter of great satisfaction that the Company's Environmental standards are largely in line with those advocated by multilateral agencies.

The Company's CSR activities and business practices are aligned with the objectives of inclusive and sustainable growth. Our efforts, whether it is in literacy programs, healthcare or skill development initiatives, have all been well received and appreciated by the local community.

We have come a long way with your continued support. With your cooperation we will gear ourselves to be part of a successful journey and make it rewarding for all of us.

BHARAT HARI SINGHANIA

Vice Chairman & Managing Director's Message

Dear Shareholder,

While India's growth rates and several macro-economic indicators appear bright in the midst of a gloomy global economic scenario, the country's manufacturing sector still faces considerable challenges. Despite various measures and initiatives taken by the Government to increase growth, the margins for manufacturing companies continue to be low.

Growth in the Pulp and Paper industry globally remains modest. However, Indian Paper Industry is exhibiting higher growth of 6-7% annually in volumes and is predicted to continue growing.

I am pleased to share that in the year under review, your Company was able to fully stabilize its new plant at Unit JKPM, Odisha and achieved significant gains from it, which is reflected in its financial results from the second half of last year. The Company's financial performance has further consolidated and barring some unforeseen events, we expect a sustained period of growth and profitability.

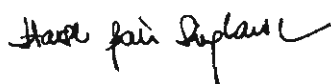
While the Indian paper industry has grown by barely a couple of percent in turnover terms, your Company grew by 24% in this period. In the Copier segment, we were able to grow our volume by 31% whereas the Indian Copier market grew by 6%. This, we believe is largely due to the strengths of our Brands and our focus on Quality. Our distribution network has been strengthened significantly to help us reach even smaller towns. The new expansion has enriched our product portfolio in the printing and writing segment. For example, we introduced 'JK Max', which has already established itself as a PAN India brand. Our strategic move to re-enter the Maplitho segment was vindicated by good response to JK Ultra Print, JK Finesse and JK Elektra. Despite lower growth in FMCG segment, which affected the growth in packaging board, we continue to sell our full capacity.

Over the years, JK Paper has been successful in bringing in a large number of farmers under its farm forestry program. This has gained further momentum with an additional 17,000 hectares covered this year taking the cumulative acreage to over 1.33 lakh hectares. We now account for an 11% share in the nationwide farm forestry being promoted by Pulp & Paper Industry.

The Company values its Human Resources highly and believes it is a source of sustained competitive strength. Skill needs are continuously assessed using modern techniques and appropriate training is imparted. Senior management goes through an internal development process under world renowned management trainers or external management development programmes. We believe we have a robust leadership pipeline to take care of the present and the emerging challenges.

Care for the environment has always been a foremost concern of your Company. It is heartening to note that at Unit JKPM around 55% of energy is generated out of renewable sources. We have also generated 1.59 lakh RECs during the year. Our coal and water consumption per tonne of paper has reduced by 32% and 31% respectively in the new plant. Our reduced dependency on fossil fuels along with modern technology has helped us reduce gas/air emissions to a significant extent.

With the economy promising to grow at a higher rate, JK Paper is well prepared to sustain its growth with enhanced profitability. As always I count on all your support.



HARSH PATI SINGHANIA





Technology Leadership for a Sustainable Planet

Innovate or perish is the new mantra for business leadership in the 21st Century. Paper is no exception. It has to incorporate sustainable manufacturing processes and at the same time, adapt to ever changing and emerging market needs.

Innovation in manufacturing and marketing thus become the key ingredients for a sustainable and profitable business.

The timely expansion programme undertaken at a cost of Rs.1,775 crores has helped JK Paper reinforce its leadership position in the industry. Exceptional quality, higher output and lower production costs enabled JK Paper to reach newer and more value conscious customers. Today the company produces more varieties of paper and paper products than before.

Notching up a growth in overall volume by 26%, the Company is now poised to produce high quality writing and printing paper at competitive costs and strengthen its competitive position in Office Papers.

The new plant also adds muscle in our resolve to fight cheap imports and be amongst the least cost producers.



