

ANNUAL REPORT 2015 - 2016



Delivering
RESULTS!

Harnessing
POTENTIAL...

Redefining
CHALLENGES...



JK PAPER LTD.





Aerial View of Unit JKPM

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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

Vice President & Company Secretary

Suresh Chander Gupta



Chairman's Statement

Dear Shareholder,

World Economic growth continues to be muted, with growth forecasts periodically scaled down, now at 3.2% for 2016 from 3.4% earlier in January and only marginally up from 3.1% in 2015. While emerging economies still account for bulk of the growth, it remains uneven and weaker than over the past two decades. China's slow growth, sluggish situation in large emerging markets like Brazil and Russia, and difficult oil-exporting nation's macroeconomic conditions, paint a dull picture. Barring USA, most of the developed world is still to get over the setback from the 2008 global financial crisis.

India amongst large economies has managed to consolidate its growth. In fact, it is seen as the sole bright spot in an otherwise turbulent world economy. Besides high growth, India also finds itself in a favorable position in other macro parameters which are within targeted levels. Foreign exchange reserves are at their highest levels which has prompted investors and businesses to view it as a safe bet and opportunity for investments.

High cost of capital has been a major impediment to investments in the manufacturing sector in India. Benign inflationary expectation has given headroom to cut policy rates by 150 basis points since January 2015, which is now at a 5-year low of 6.5%. This coupled with banks moving to Marginal Cost of Funds based Lending Rate (MCLR) and reduction of interest rates on small savings, provides an opportunity for lending rates to come down further in the near term. This is welcome from the business perspective and also a big fillip to demand revival, particularly those of discretionary items. However the transmission of interest rate reduction to businesses remains lower than policy rate cut.

High economic growth effect is yet to be felt on the ground where most manufacturing companies are witnessing under utilised capacities. While investments are less forthcoming, some green shoots of recovery are visible on the horizon. Sustained low inflation and Government's push to infrastructure investments in roads, power, particularly in renewables and ports, are expected to pull in private investments and boost further growth.

It gives me a sense of satisfaction that amidst such challenging scenario, JK Paper has been able to further improve the gains achieved in the last 2 years post expansion. While industry has been growing at 5-6%, your company has grown at over 11% and achieved a Turnover of over Rs. 2,700 crore, the highest so far.

Environment protection remains a high priority area for the company and its business model is based on the principles of sustainable development. We believe the community around us is a determinant and a stakeholder in our success. Our CSR activities whether they are literacy programs, medical & healthcare or livelihood intervention initiatives are aligned with the objectives of inclusive growth. The efforts have all been well received and appreciated.

The strong fundamentals of India's macroeconomy augur well for the future of the Indian Paper Industry. This along with your Company's thrust on growth and continued leadership in high quality and valued-added products and market driven approach provides a platform for us to reach greater heights. Your continued support in this journey has enabled us to make it this far and I look forward to the same support in the journey ahead.

BHARAT HARI SINGHANIA

Vice Chairman & Managing Director's Statement

Dear Shareholder,

Indian economy finds itself in an enviable position of fastest growing large economy when growth in most parts of the world is either sluggish or negative. Riding on the strong fundamentals of a large domestic market, a young and growing populace and a stable political regime, India is increasingly playing a leading role in the global arena. Though the potential for growth is high, without an upturn in capital investments, it is hard to sustain the current pace of economic growth and move into double digits.

India is now the fastest growing market in the Global Pulp and Paper industry with 6-7% growth per annum. While Copier Paper grew by 6%, JK Paper reinforced its leadership in this segment by growing its volumes by 13% in the same period. Post expansion the Company made significant gains in the Writing and Printing segment and maintained its position in Coated Papers. Domestic packaging board segment has been reporting double digit growth rates for the last few years, ushering in fresh capacity expansion.

Indian paper industry is competing in a free market, today paper is freely importable at nil or low import tariffs. We at JK Paper have continuously invested in technology and remained cost competitive against global competition. The end-customer remains the focus of all our initiatives; whether it is the distribution network which we continue to invest in to increase our reach or our service levels to the customer. We believe, these are the factors that differentiate us from the rest along with JK Paper's brand proposition that is difficult to replicate.

Quality has always been an obsession for us, and it is our constant endeavour to deliver customers superior quality products. At JK Paper we have continuously developed new products to cater to specific customer needs, which has helped us to consolidate our leadership in the market.

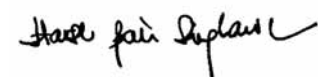
JK Paper is a Net Green company today. With long term sustainability in mind we have ensured that we plant more trees than what we use in paper making. In 2015-16 we planted 8.13 crore saplings. This sustained plantation effort would not only help us attain long term fibre security, but also help maintain the green balance of our environment. Plantation coverage within 200 km radius enabled us to bring down the logistics costs, especially at Unit CPM where we are now close to 100% local sourcing.

It has now become a business imperative to be competitive to sustain in a globalized world. JK Paper with its continuous improvement program has been the best in the Indian industry in many efficiency parameters such as water usage, fibre or energy consumption. There is significant reduction in conversion costs, resulting in an EBITDA of Rs 420.83 crore in 2015-16 and a net Profit of Rs 79.56 crore.

While we are committed to growth, we also strive to be a responsible corporate citizen. The Company regularly conducts livelihood intervention, adult literacy, preventive healthcare and rural development programmes as part of its CSR initiatives.

While achievements should be celebrated, we must guard against complacency and must continue to serve our customers with humility and deliver better shareholder value.

We are fortunate to have the strong support of all the stakeholders, be they customers, suppliers, employees, lenders and the shareholders. I have no doubt that with your continued support, the Company will continue to withstand challenges and emerge stronger in the coming years.



HARSH PATI SINGHANIA





Leading with **Technology**

At JK Paper, we believe that leadership is not merely a matter of size, it bestows upon the responsibility to drive growth by redefining challenges. Leadership demands transformation and growth needs to be viewed in a holistic manner; to that extent, it shapes the very quality of growth. It is this unending quest for all round leadership that has catapulted JK Paper into a new era of the Indian Paper industry, an era of unmatched technology leadership.

The paradigm “more with less” is truly taking shape at JK Paper, one that defines our endeavours in recent times; technology leadership, people excellence, product quality, environmental stewardship and inclusive growth.

The technological edge and economies of scale provided by the New Project have enabled the company to lower its cost of production and gain significant market share reflected in highest ever sales volume in the company's history; with a higher capacity utilisation at 104%.

All our investments are focused towards innovation, continuous improvement of processes, human skills and care for the environment. Be it converting waste lands into productive plantations or scouting for and mentoring professionals who can spearhead the technology movement at JK Paper.

This, we believe will continue in harnessing potential, delivering results and keep us as a dynamic benchmark in the Indian Paper Industry.



