

# ANNUAL REPORT 2022-23

**WIDENING OUR HORIZON**



**JK PAPER LTD.**  
*Creating lasting impressions*

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### Forward-looking statement

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. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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Online Annual report  
[www.jkpaper.com](http://www.jkpaper.com)

# Corporate information

## Board of Directors

**Bharat Hari Singhania**  
*Chairman*

**Harsh Pati Singhania**  
*Vice Chairman & Managing Director*

**Anoop Seth**  
**Bharat Anand**  
**Deepa Gopalan Wadhwa**  
**Dhirendra Kumar**  
**Harshavardhan Neotia**  
**R.V. Kanoria**  
**Sandip Somany**  
**Shailendra Swarup**  
**S.K. Roongta**  
**Vinita Singhania**

**A.S. Mehta**  
*President & Director*

## 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  
District - Tapi (Gujarat)

**Step Down Subsidiary**  
**The Sirpur Paper Mills Limited**  
(SPML)  
Sirpur, Kaghaznagar, Komarambheem,  
Asifabad - 504296, Telangana

## Investor Relation

sharesjkpaper@jkmil.com

## Offices

**Registered Office**  
P.O. Central Pulp Mills - 394 660  
Fort Songadh  
District - Tapi (Gujarat)

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

## Bankers

State Bank of India  
Axis Bank  
IDBI Bank  
ICICI Bank

## Company Website

[www.jkpaper.com](http://www.jkpaper.com)

## Auditors

Lodha & Co.  
Chartered Accountants

## Chief Finance Officer

KR. Veerappan

## Company Secretary

Deepak Gupta

## CIN

L21010GJ1960PLC018099

# Board Profile

**Shri Bharat Hari Singhania, Chairman,** is an Industrialist with more than six decades of industry experience comprising Cement, Automotive Tyres, Paper, Jute, Synthetics, Paints, Hybrid Seeds, Audio Magnetic Tapes and Sugar, etc. He is also Chairman of Bengal & Assam

Company Ltd., JK Lakshmi Cement Ltd., and JK Agri-Genetics Ltd. and on the Board of JK Tyre & Industries Ltd. and other companies. He is President of J K Organisation and heads the philanthropic institution of the Group, namely JK Lakshmipat University, Lakshmipat Singhania

Education Foundation, Lakshmipat Singhania Medical Foundation and Pushpawati Singhania Hospital & Research Institute. He is former President of Indian Chamber of Commerce and Chairman of Indian Jute Mills Association.

**Shri Harsh Pati Singhania, Vice Chairman & Managing Director,** is an MBA from the University of Massachusetts, USA and an alumnus of the Harvard Business School, USA.

He is associated with various Industry bodies and forums. He is currently Vice-Chair and a Member of Executive Board of International

Chamber of Commerce (ICC), Paris, Member of the B20 India Steering Committee, Founding Member of Centre for Social and Economic Progress (CSEP), formerly known as Brookings India, Member of Board of Governors of International Management Institute (IMI) and other accredited institutions and CEO's forum.

In the past, he was President of Federation of Indian Chambers of Commerce & Industry (FICCI), All India Management Association (AIMA), Indian Paper Manufacturers Association (IPMA) and on the Board of several Business/CEOs forums. He was conferred Honorary Doctoral Degree by Xavier Institute of Management, Bhubaneswar.

**Shri Anoop Seth, Independent Director,** holds a Master's degree in Management Studies with a major in Finance from The Birla Institute of Technology and Science, Pilani,

and has completed Executive International Management Programme from INSEAD, France.

Shri Seth has an overall experience of around 35 years, both domestic and international, in the Finance, Corporate Banking and Infrastructure sectors.

**Shri Dharendra Kumar, Non-executive Director,** is B.E (Mech) from New York University and has a vast experience in the tea industry

and is an eminent personality in the industry. Shri Dharendra Kumar is associated with various Chambers/Organisations, including

Tea Association of India, Indian Tea Association, Calcutta Tea Traders Association, Bharat Chamber of Commerce etc.

**Smt. Deepa Gopalan Wadhwa, Independent Director,** has been a distinguished career diplomat in Indian Foreign Service (IFS). She is an undergraduate in Chemistry and a post graduate in English Literature.

She has served as Ambassador of India to Japan, Qatar and Sweden. She was concurrently accredited as Ambassador to Latvia (from Stockholm), and Republic of the Marshall

Island (from Tokyo). She also held significant assignments in Geneva, Hongkong, China, Netherlands, International Labour Organisation (ILO) and the Ministry of External Affairs. She handled a wide swathe of issues related to India's relations with key countries; participated in international conferences and negotiations relating to climate change, sustainable development, disarmament and human rights and was instrumental in the active promotion

of India's economic interests in the areas of trade, technology, investments and energy security during postings in Europe, the GCC and Japan.

She is Chairperson of the India- Japan Friendship Forum, Member of the Governing Council of the Institute of Chinese Studies and is on the Governing Council of the Asian Confluence based in Shillong.

**Shri Harshavardhan Neotia, Independent Director,** has done an Owner President Management Programme (OPM) from Harvard Business School, USA. He is Chairman of Ambuja Neotia Group, having business verticals in Real Estate, Hospitality, Healthcare and Education.

He is a former President of FICCI and AIMA and presently a member of Indira Gandhi National Centre for the Arts, Chairman of National Institute of Technical Teachers' Training & Research, Council Member of the National Culture Fund, Govt. of India, one of the trustees

of Shree Somnath Trust and Honorary Consul of Israel in West Bengal.

He was conferred Padma Shri in 1999 for his work in social housing, YPO Legacy of Honour Award and D.Litt. (Honoris Causa) by the Vidyasagar University, West Bengal.

**Shri R. V. Kanoria, Independent Director,** is an MBA (Hons.) from IMD, Switzerland, and has done Advanced Management Programme from Wharton, USA. He has over four decades of experience in the chemicals, textiles and jute industries and is Chairman & Managing Director of Kanoria Chemicals & Industries Ltd.

He is associated with various Industry bodies and has been President of FICCI, headed ICC (India), Chairman of Confederation of Indian Textile Industry, and Indian Jute Mills Association. He is presently Vice Chairman of Population Foundation of India.

He is recipient of the Swiss Ambassador's Award for Leadership and Business Ethics, 2013, bestowed with the Distinction of Commander of the Order of Leopold II by the King of Belgium for his contribution to the development of business ties between India and Belgium.

**Shri Sandip Somany, Independent Director,** is a Commerce graduate from Delhi University and studied Ceramic Manufacturing Technology from the University of California,

USA. He is Chairman & Managing Director of AGI Greenpac Limited (formerly HSIL Limited). He has been Past President of FICCI and PHD Chamber of Commerce and Industry

and member of various organisations viz. Committees of the Bureau of Indian Standards and Governing Body of All India Organization of Employers.

**Shri Shailendra Swarup, Independent Director,** holds a Bachelor's degree in arts and is a law graduate. He is an eminent corporate lawyer with over five decades of professional experience in legal and litigation matters,

practicing in Delhi High Court and Supreme Court. He has been a Member of the Task Force on corporate governance constituted by the Confederation of Indian Industry and Ganguly Committee constituted by the Reserve Bank of

India on Corporate Governance of Public sector banks and financial institutions. He shall cease to be Director of the Company from August 23, 2023 on completion of his second term as an Independent Director of the Company.

**Shri S. K. Roongta, Non-executive Director,** is an Electrical Engineering Graduate from BITS, Pilani and PG Diploma in Management (International Trade) from IIFT, New Delhi - Gold Medalist. He is regarded as an expert on

Strategy and Turnaround in the manufacturing sector in the country. He is Chairman of Bharat Aluminium Company Ltd.. In past, he had been Executive Chairman of Steel Authority of India Ltd. (SAIL). Under his leadership, SAIL

was adjudged as the 2<sup>nd</sup> Best Steel Company in the world (next to POSCO) by the World Steel Dynamics, USA.

**Smt. Vinita Singhania, Non-executive Director,** is a businesswoman with extensive diversified experience. She is Vice Chairman & Managing Director of JK Lakshmi Cement Ltd.

She has the distinction of being the first woman President of Cement Manufacturers Association (CMA) of India as well as National Council for Cement and Building Materials (NCBM). She was a recipient of Awards of Excellence by FICCI

Ladies Organisation & Best Family Business Award Lead by Woman by Money Control Pro (Network 18) and included in the list of BW Business World Most Influential Women 2023.

**Shri A.S. Mehta, President & Director,** is a Fellow Chartered Accountant with all India merit and alumni of Wharton Business School, USA. He has been with JK Organisation for around four decades and held several senior positions in JK Tyre & Industries Ltd. in Finance, Accounts, Taxation, Internal Audit and

Corporate Laws before taking over as Marketing Director.

He was President of Indian Paper Manufacturers Association for four years. He was also Chairman of Development Council for Pulp, Paper and Allied Industries and Central Pulp & Paper Research Institute, an autonomous organisation

under the administrative control of Ministry of Commerce & Industry, Government. of India, and is recognised as one of the key spokespersons for the Indian paper industry. He works closely with government bodies towards policy intervention and improvement of the industry.

**Shri Bharat Anand, Independent Director,** is a B.A. (Law) from Jesus College, Cambridge University and B.A. (Hons.) Economics from Hans Raj College, Delhi University. Shri Anand is a dual qualified lawyer (India and England Wales). He is ranked as Band 1 Lawyer for M&A work in Delhi, by Chambers Asia Pacific and UK.

He is Partner in Khaitan & Co., a leading corporate law firm and has an overall professional experience of 25 years, with a specialisation in mergers & acquisitions, joint ventures, private equity transactions and strategy.

He is a part of the National Executive Committee of FICCI and Co-Chair of FICCI's Committee on Stressed Assets.

The Board recommended his appointment as Independent Director of the Company for a term of five consecutive years from July 1, 2023, to the shareholders of the Company.



## Chairman's statement

The post-COVID pandemic rebound in the global economy was halted abruptly by the Russian invasion of Ukraine, leading to renewed disruption in supply chains and trade. The sharp rise in food and energy costs that followed culminated in multi-decade high global inflation of 8.8% in 2022. This cost-of-living crisis kept consumer demand subdued, pushing down global GDP growth to 3.4% in 2022, almost half compared to 6.3% in 2021.

With heightened recessionary concerns, global growth is likely to grow at 2.8% in 2023, one of the lowest growth rates in recent decades. While it is forecasted to marginally improve to 3% in 2024, it will be significantly short of the growth trend. Although inflation is gradually coming down, it remains elevated and along with the financial tightening from continued rate hikes is expected to weigh on economic activity.

Against this cautious backdrop, the Indian economy is seen as a beacon of hope where growth is expected to be 6.5% this year, the highest among the major economies. This would be further bolstered by the Government's continued thrust on strong capex-led growth with spending to expand to around ₹10 Lac crores in current fiscal. This would take the 5-year average capex spending to over 31% during 2020-24 vis-a-vis only 7% during the previous 5 years (2016-20). This would boost India's overall economic growth and consequently the paper industry.

The global shift to responsible eco-friendly packaging has led to a conscious decision to reconfigure our product mix in favour of packaging materials. In fact, we have accelerated this transition in this space, with expansion to 2,91,000 TPA or 38% of our capacity from smaller presence, in just a year. The company expects to generate over ₹2000 crores in turnover from this business in the current financial year, validating its entry into the space.

As the world is progressively becoming more digitalised, it was apparent that your company needed a reset. We created a digital culture within the organisation across all levels with a resolve to build a digital mindset and infuse a digitalised

work culture approach into every aspect of its business. We are ensuring that our existing talents are trained on these new competencies.

This transition also required different capabilities for which we are recruiting a new generation of professionals, coming from various sectors as well as hiring younger people with a digital competence. In addition to this, we are also making our distribution network

Goals (SDGs), reflecting the company's holistic approach towards CSR. The Company incurred ₹14.26 crores on CSR activities in 2022-23 directly benefitting almost 7 Lac people across 846 villages in Gujarat, Uttar Pradesh, Telangana and Odisha, a 5-fold jump in the last 4 years (2020-23). Amongst the notable achievements is the launch of a green campus program with Climate Reality Project (across air, water, biodiversity, energy and waste management). 27

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digital friendly. To make further inroads, the company intends to commission Digital centre of Excellence to drive the place, scale and complexity of digital projects.

Our manufacturing excellence was sustained, supported by the strategic presence of Company's three units that are located in areas with abundant raw material, energy and water, ensuring cost-effectiveness coupled with deployment eco-friendly manufacturing processes.

The Company has continued with its rich heritage of community engagement and support by undertaking several initiatives extended to farmers, youth and women in the villages around its plants. These initiatives align with 14 out of the 17 United Nations Sustainable Development

schools were registered in Rayagada under the program.

JK paper is well placed to sustain its growth with enhanced profitability. As we aim to raise the bar even higher, promising future beckons our economy. I look forward to your support and cooperation as we will gear ourselves to make the most of the opportunities on offer and make it a rewarding journey for all of us.

**Bharat Hari Singhania**



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The resilience of Indian economy is in sharp contrast with sharp downturn in most of the other world, particularly the developed world, where 9 out of 10 advanced economies are staring at a lower growth this year. India is projected to contribute almost 15% of global growth this year vis-a-vis only 10% by the US and Euro area combined.



## Vice Chairman & Managing Director's statement

Despite a slowdown in overall merchandise exports in second half of the year, aligned with global trends, sectoral exports are holding up as concerted efforts to diversify product-mix and markets are gradually bearing fruit. However, the surge witnessed in the previous year may not be sustained.

The 3-fold jump in average per capita income over the last decade, reaching almost ₹2 Lac, alongside growing consumerism is providing a big boost to consumption demand. Government's efforts to control inflation is now bearing fruit, which has provided RBI the cushion to pause on further rate hikes at a time when other central Banks, particularly in the advanced economies, continue with their tight monetary policies.

The global paper industry witnessed an upsurge in paper and pulp prices due to increase in demand and rise in input costs. This along with the continuous improvement made by your Company in product mix, lowering energy costs, enhancing people productivity and a wider-deeper distribution network resulted in the record performance in the last financial year, with highest ever Sales, EBIDTA and PAT. JK Paper, which leads the office paper vertical, witnessed robust growth in sales by 46% in 2022-23 over 2021-22, which was primarily contributed by the rising popularity of co-working space and the opening of offices in new locations. The expanding education sector and the emphasis on literacy are also positively impacting the market for writing paper. With demand for environment friendly and sustainable alternatives, including office paper, expected to rise in the foreseeable future, we are continuing to widen and deepen the distribution footprint while increasing our market presence in this business.

JK Paper is well-positioned to benefit from the shift from plastic to paper in the food packaging industry, with new product launches that offer oil and water resistance, moisture and oxygen barrier and heat



We have been able to successfully turnaround the operations of Sirpur Paper Mills during the year under review through our focus on quality, which enabled the Company to gain customer's confidence, resulting in good order book along with equipment uptime through a structured preventive maintenance schedule and improving customer service levels

sealable capabilities. In response to the growing need for sustainable packaging, the company has developed plastic-free alternatives.

The Company also doubled the sales of packaging boards (including exports) during the year under review due to ramp of volumes from the new Packaging Board plant.

Now the challenge before us is to make this performance sustainable, especially when the prices of some product categories have begun to moderate while input costs remain volatile.

As part of the strategic initiative the Company entered into Corrugated Packaging business to take advantage of the growing industrialisation and e-commerce markets which is expected to grow at a healthy rate. To this end, a greenfield state of the art plant has been set up at Ludhiana.

Furthermore, the Company had acquired 85% stake in Horizon Packs Pvt. Ltd and Securipax Packaging Ltd, which are engaged in Corrugated Packaging business and are collectively number one in the Country. These acquisitions are in synergy with the growing packaging sector enabling substantial expansion of the corrugated packaging business, making it the largest organised player.

We have been able to successfully turnaround the operations of Sirpur Paper Mills during the year under review through our focus on quality, which enabled the Company to gain customer's

confidence, resulting in good order book along with equipment uptime through a structured preventive maintenance schedule and improving customer service levels. This resulted in the production to grow from 97,401 MT to 1,21,898 MT, a jump of 25% y-o-y.

On the financial front, the company continues to be comfortable, with healthy net cash position by the close of 2022-23, while interest cover increased from 8.5 to 9.82, the Long-term debt has also declined noticeably last year, which would empower the company to capitalise on new opportunities, by funding much of its growth from its earnings. This strengthened the company's credit rating from AA (-) to AA (India's first pure play paper company to be rated as highly).

The Company extended into direct marketing, enhancing its value chain and graduating the consumer relationship to a different level. To establish direct engagement with customers through a D2C platform, we came up with JIA (JK Paper Intelligent Assistant), an AI-based chatbot, which is currently active at pan-India level.

The Company continued to play an industry-leading role in encouraging social forestry in the hinterlands of its manufacturing facilities. During the year 2023, the Company had planted trees covering 55,700 acres in Odisha, Andhra Pradesh, West Bengal, Telangana, Maharashtra, Gujarat and Chhattisgarh. This has not only increased resource

access and moderated delivered wood cost, but also greening environment and enabling the Company to be wood and carbon positive. It has enhanced livelihoods of over 84,000 farmers who have benefited through the Company's farm forestry over the last 10 years. The Company has sharpened the focus on FSC-FM certification during the year and the Certified coverage as % of total plantation coverage increased from 27% to 63% at JKPM unit and from Nil to 57% at CPM unit over the period of last five years.

Your company's quality leadership and the growth initiatives taken to promote value addition have allowed JK Paper to stay ahead of its peers and we remain committed to enhancing our competitiveness through widening our perspectives, which would help the company to achieve greater heights, translating into enhanced value for all our stakeholders.

**Harsh Pati Singhania**



Widening our  
**horizon**