



JK Paper Today

Corporate Update

An Industry benchmark with Power Packed Brands

16th May, 2018

*some of life's
best moments
come on paper...*

JK Paper Ltd is one of the leading companies of JK Organisation – a prominent business house of India founded over 100 years ago

Cement



	Rs. Cr.
Mkt Cap	4,506
Revenue	3,289

Paper



JK PAPER LTD.

Creating lasting impressions

	Rs. Cr.
Mkt Cap	2,468
Revenue	3,070

Tyre



	Rs. Cr.
Mkt Cap	3,272
Revenue	8,318

Agri Genetics



	Rs. Cr.
Mkt Cap	541
Revenue	202

J.K. ORGANISATION

USD 4 Billion

29 manufacturing plants

Present in over 100 countries

More than 40,000 employees

V-Belts- Oil Seals & Power Transmission Systems



	Rs. Cr.
Revenue	779

(Unlisted Co.)

Dairy Products



	Rs. Cr.
Mkt Cap	193
Revenue *	1,024

* incl. LVP Foods (unlisted Co.)

Education



Defence Electronics



Hospital & Health services



Clinical Research



Market Capitalisation (Mkt Cap) is as of 15th May, 2018 & Revenue is for FY 2017-18 (except JK Tyre, JK Lakshmi Cement & Fenner, which is for FY 2016-17)



JK Paper - History & Milestones

75 YEARS JOURNEY OF JK PAPER

1938

Started Manufacturing Straw Board at Bhopal with a capacity of 3,600 TPA

First Integrated Pulp & Paper company in India & 3rd Paper Company in the World to get Award for TPM Excellence – First Category from JIPM

1962

Installed 1st Fine Paper Machine at Unit - JKPM (Odisha)

First Paper Mill to get ISO 9001 & ISO 14001. Also obtained OHSAS 18001

1992

Acquired Unit - CPM in Gujarat

First to Invest in World class Pulp Mill (Fiber line from Metso) in India

2005

Installed Coating Plant at Unit - JKPM

First to Brand Copier Paper in Indian Market

2007

Installed Premium Packaging Board Plant at Unit - CPM

First to introduce Surface-size wood free paper in India

2013

Installed State of the art New Fiber Line & High Speed Paper Machine at Unit - JKPM (1,65,000 MT)
(Total Current Capacity 4,55,000 MT)

Awarded FSC-COC certification in 2011

Golden Peacock Environment Management Award in 2013



JK Paper – Shareholding Pattern

Major Institutional Investors



Entrepreneurial
Development
Bank



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

General Insurance Corporation of India

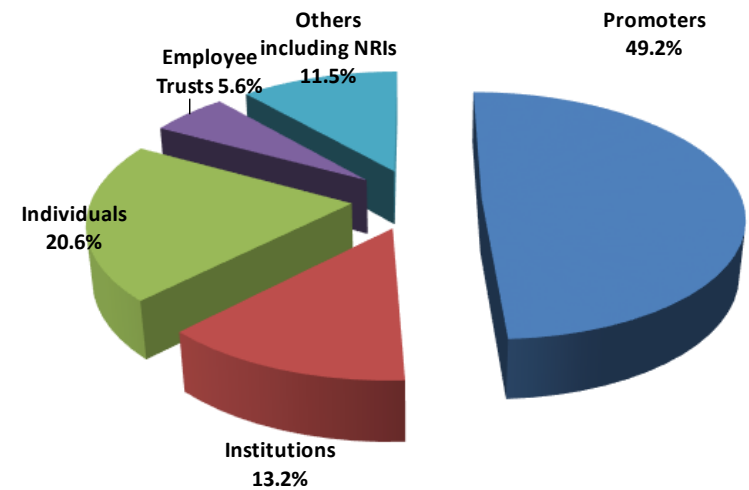
(Wholly owned by the Government of India)

Global Reinsurance Solutions



Shareholding Pattern

As of 31st March 2018



JK'S Brands are Industry Benchmarks In Respective Product Categories Plants with state of the art technology and minimal environmental impact

Copier Paper (Market Leader – **Current Mkt. Share is 23% ***)



Coated Paper (Amongst Leading Players
– **Current Mkt. Share is 12% ***)



Packaging Board
(Amongst Leading Players
Current Mkt. Share is 11% *)



Panoramic view of the Unit JKPM (Orissa)



Panoramic view of the CPM (Surat, Gujarat)

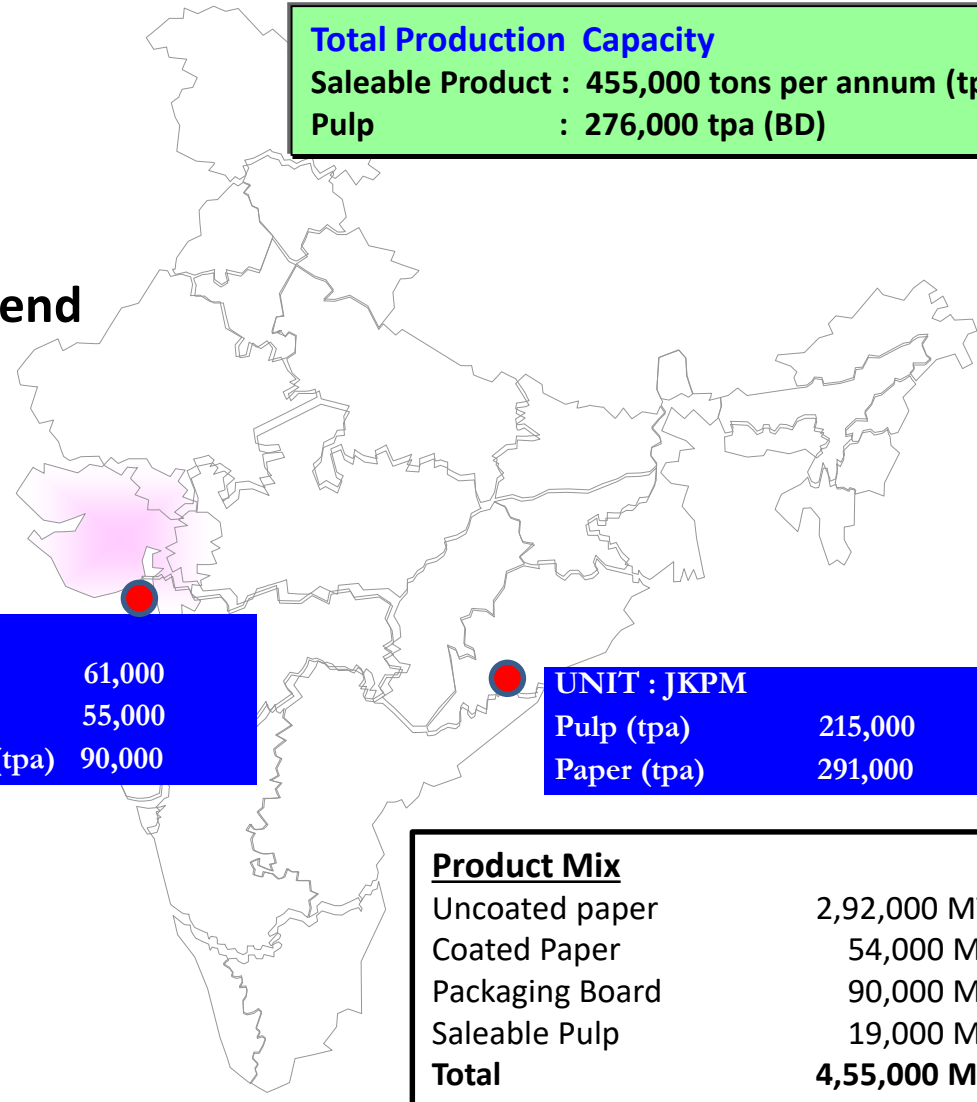


* Company Estimates



Strategic Geographical Presence

- **Strategic location**
 - JKPM located close to raw material sources
 - CPM located close to large end customers & port
- **Strong distribution reach**
 - 4 regional offices
 - 16 warehouses
 - 221 distributors*
 - over 4,000 dealers



* Including direct dealers



Global v/s Indian Segmental Growth

S N	Product	Volume (Mn Tons)			Share %			Projected Growth% (2021/2017)	
		2016-17	2016-17	2020-21	2016-17	2016-17	2020-21	Global	India
		Global	India		Global	India		Global	India
		1	2	3	4	5	6	7	8
1	Coated	25.8	0.8	1.0	6.3	4.5	4.5	-0.5	6.0%
2	Uncoated	54.2	4.3	4.9	13.4	25.2	22.8	-0.3	3.7%
2.1	Creamwove		2.0	2.2		11.6	10.3		
2.2	Copier & High Bright Maplitho		2.3	2.7		13.5	12.5		
3	Packaging Board	43.7	4.0	5.5	10.7	23.3	25.1	2.0	8.3%
3.1	Virgin Fiber Based		0.8	1.2		4.5	5.7		
3.2	Recycled Fiber Based		3.2	4.2		18.8	19.4		
4	Tissue	33.6	0.1	0.2	8.3	0.7	1.0	3.2	15.5%
5	Industrial incl. Kraft	165.7	4.8	6.7	40.8	28.0	31.0	2.2	9.1%
6	Newsprint	46.6	2.6	2.7	11.5	15.1	12.3	-2.8	1.0%
7	Others	36.7	0.5	0.7	9.0	3.2	3.3	-1.0	7.5%
8	Total	406.3	17.0	21.7	100.0	100.0	100.0	1.0	6.3%

1. Indian growth rates are substantially higher than global numbers
2. Indian per capita consumption of paper and board is 13 Kg as against 26 Kg in Asia and 57 Kg globally
3. JK Paper is present in three high growth segments – Coated wood free, Uncoated wood free and Virgin fiber based Packaging Boards constituting ~22.5% of the total market

Source: Poyry, IPMA, Internal Analysis



New Project at Unit - JKPM.....(I)

Fibreline (215,000 TPA)



Paper Machine (165,000 TPA)



New Project at Unit - JKPM.....(II)

Power Plant



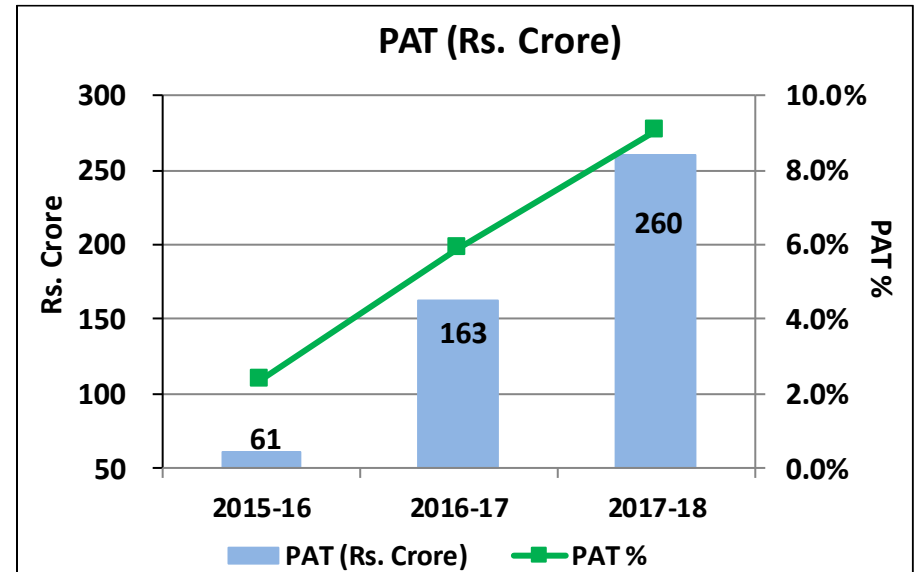
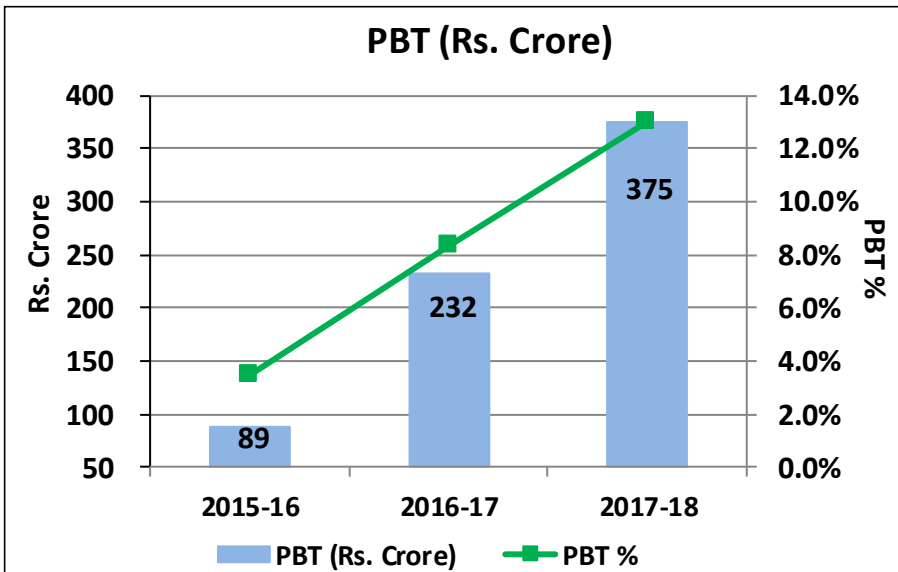
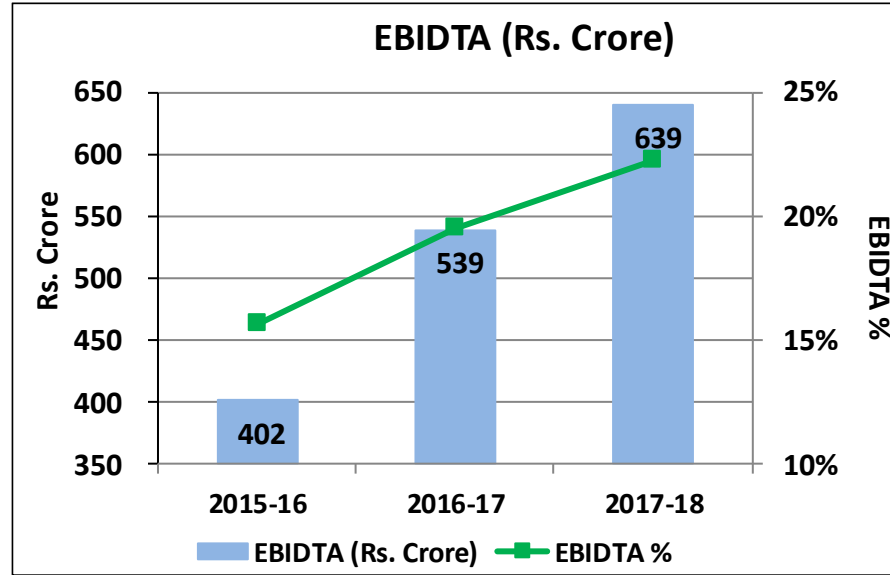
A4 Cutting Line



Robotic Palletizer



Passion to Perform



JK Paper - Key Financials for Q4 & 12 Months (FY 2017-18 vs FY 2016-17)

	Unit	4th Quarter			12 Months		
		2017-18	2016-17	% Growth	2017-18	2016-17	% Growth
Sales Volume	MT	1,30,974	1,24,716	5.0	5,01,543	4,81,828	4.1
Uncoated Paper	MT	82,608	76,708	7.7	3,11,981	2,99,241	4.3
Coated Paper	MT	23,087	25,482	(9.4)	97,638	93,860	4.0
Virgin Fibre Board	MT	25,279	22,526	12.2	91,924	88,727	3.6
Gross Revenue	Rs. Cr.	799	788	1.4	3,070	2,989	2.7
Net Revenue	Rs. Cr.	752	735	2.4	2,877	2,764	4.1
EBITDA	Rs. Cr.	175	151	15.3	639	539	18.6
EBIT	Rs. Cr.	144	122	18.1	518	419	23.6
PBT	Rs. Cr.	111	79	40.9	375	232	61.9
PAT	Rs. Cr.	74	56	30.6	260	163	59.8
EBITDA Margin	%	23.2%	20.6%	2.6%	22.2%	19.5%	2.7%



JKPL - Profitability

Rs. Cr.

S.N.	Description	2013-14	2014-15	2015-16	2016-17	2017-18				
		12 Months				Q1	Q2	Q3	Q4	12 M
1	Gross Revenue from Operations	2,025	2,515	2,881	2,989	720	710	840	799	3,070
1.1	Net Revenue from Operations	1,838	2,280	2,564	2,764	665	671	790	752	2,877
2	Cost of Materials Consumed	1,079	1,295	1,282	1,268	317	307	331	300	1,254
2.1	(Increase)/Decrease in Stock	(58)	(25)	19	(5)	(63)	(56)	76	33	(10)
2.2	Power, Fuel & Water	200	211	215	212	58	61	64	63	246
2.3	Excise Duty	100	121	127	135	33	-	-	-	33
2.4	Staff Costs	159	166	181	218	54	60	60	58	232
2.5	Purchase of Traded Goods	93	66	171	223	59	108	44	74	284
2.6	Other Expenditure	142	192	178	199	54	53	61	57	225
2.7	Total Expenses	1,714	2,026	2,173	2,252	511	532	636	585	2,264
3	Other Income	15	12	11	26	6	6	6	7	26
4	EBITDA	139	266	402	539	160	145	160	175	639
5	Finance Costs	122	204	195	188	40	33	37	33	143
6	PBDT (3 + 4 - 5)	17	63	206	351	120	112	123	142	496
7	Depreciation	122	114	117	120	30	30	31	30	121
8	PBT	(123)	(51)	89	232	90	81	92	111	375
9	PAT	(77)	(13)	61	163	60	57	70	74	260

% to Net Sales

1	Materials Cost (2 + 2.1 + 2.5)	60.6	58.6	57.4	53.8	47.1	53.5	57.0	54.1	53.1
2	Power, Fuel & Water	10.9	9.2	8.4	7.7	8.7	9.1	8.1	8.3	8.5
3	Staff Costs	8.6	7.3	7.0	7.9	8.1	8.9	7.6	7.7	8.1
4	EBITDA	7.5	11.7	15.7	19.5	24.0	21.6	20.2	23.2	22.2

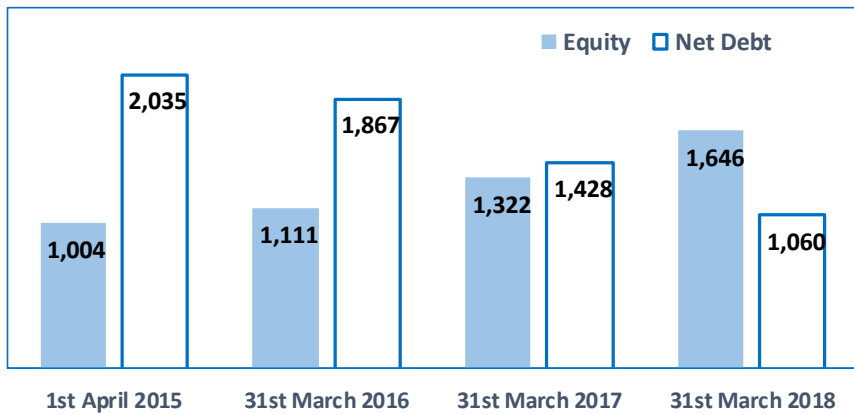
Note: FY 2015-16 onwards are as per Ind AS, hence not comparable with previous periods

Significant reduction in Conversion Cost post expansion at Unit JKPM

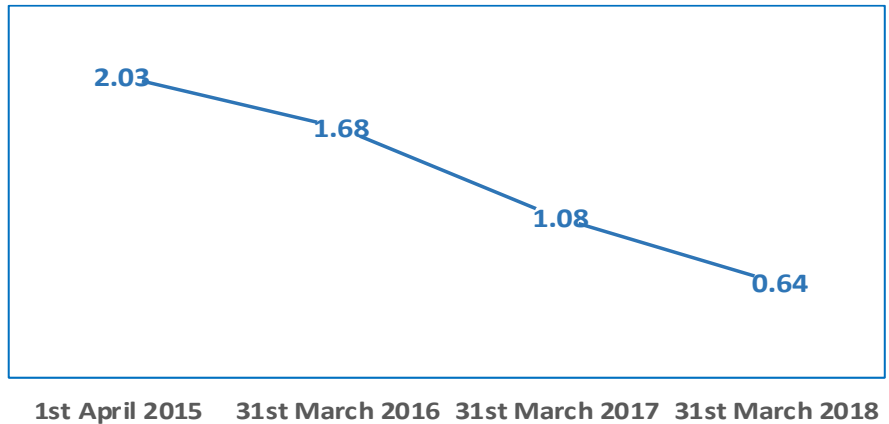


Focus on Deleveraging

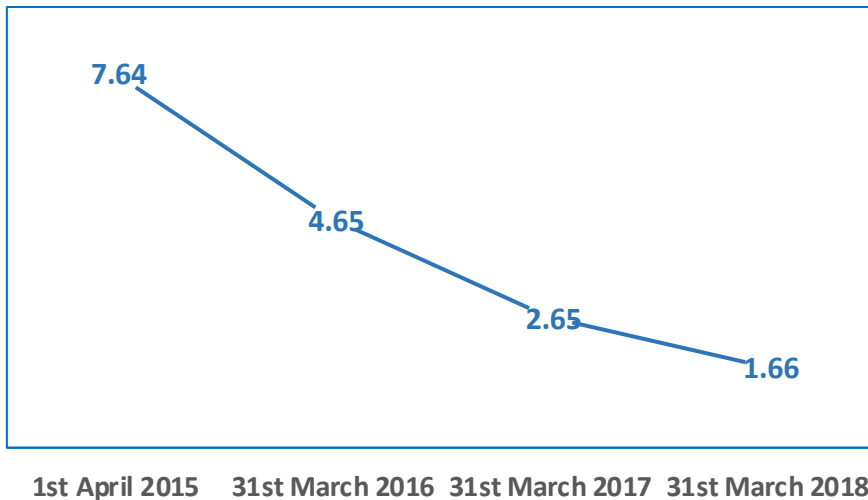
Reduction in Net Debt (Rs. Cr.)



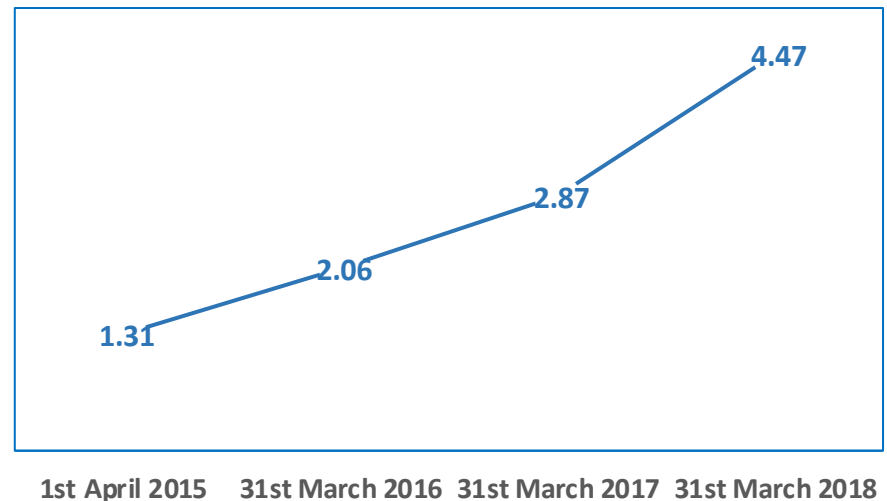
NET DEBT / EQUITY RATIO



NET DEBT / EBITDA RATIO



INTEREST COVERAGE RATIO



Current Credit Rating: Long-term is CRISIL A/Positive and Short-term is CRISIL A1



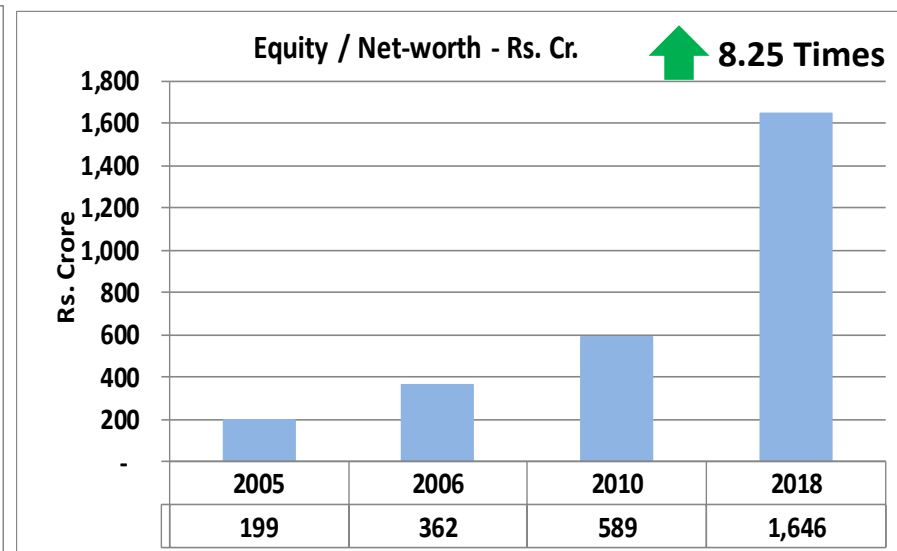
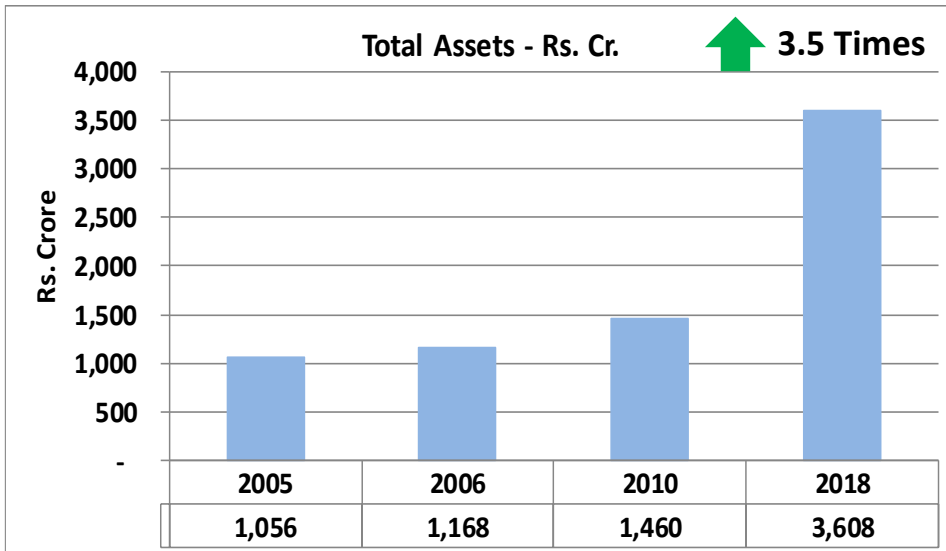
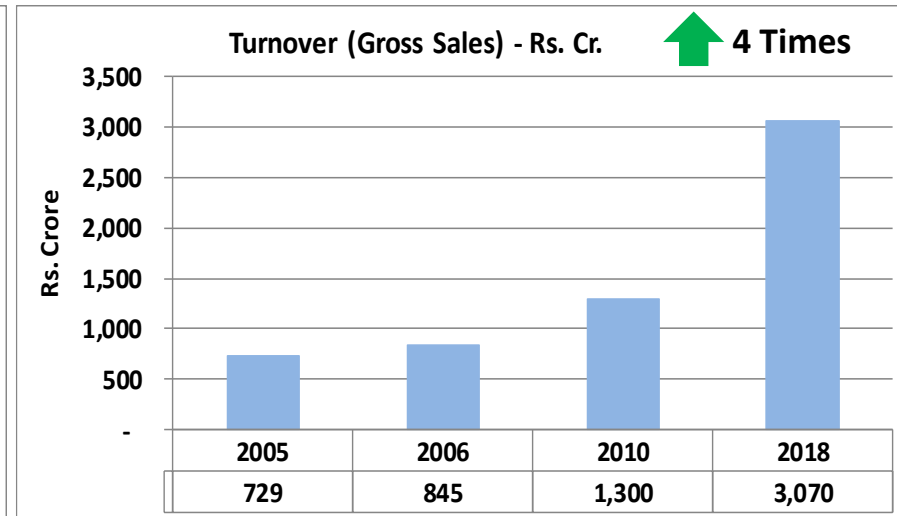
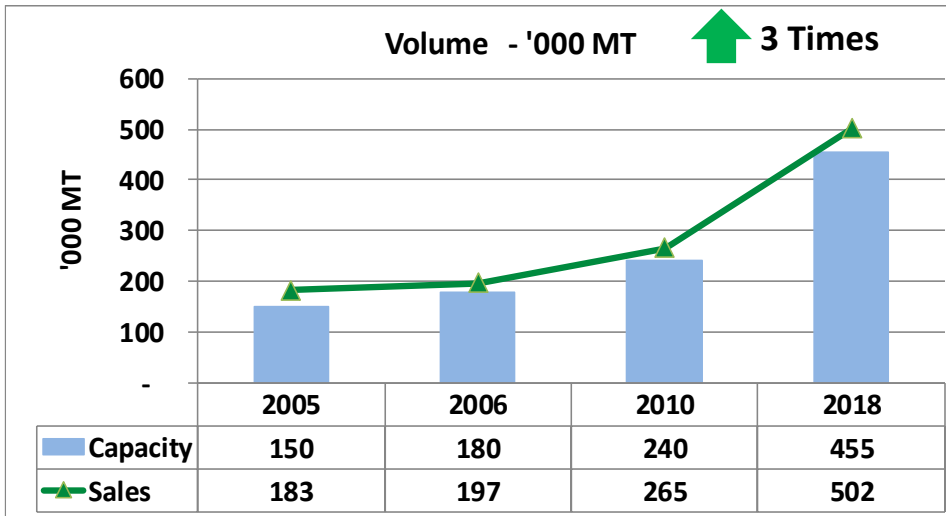
JK Paper - Performance Highlights (FY 2017-18)

1. Highest ever Production of 4.78 Lac MT during 17-18 (4.70 Lac MT :16-17)
2. Unit : JKPM achieved best in the class of industry Power consumption (1130 KwH/MT), Coal Consumption (0.62 T/MT), Water Consumption (40 M3/MT) of Paper.
3. Highest ever Sales 5.02 Lac MT during the year (4.82 Lac MT in 16-17)
4. Highest ever Export volume of 48,313 MT from 42,577 MT in 2016-17; up by 13.5%
5. Outsourcing Sales 45,388 MT from 40,676 MT in 2016-17; up by 11.5%
6. Total no. of Distributors expanded by 20 nos. to 221 in Yr 2017-18, (201 in 2016-17), operating out of 16 Depots across the country for better customer servicing.
7. Impact of thrust on plantation :
 - I. Unit CPM able to source 100% of its Raw Material from area within a radius of 200 K.M.
 - II. Unit JKPM Sustained plantation efforts has resulted in increased sourcing volume within 200 KM from 53% to 66% thereby reducing the average cost.
8. Total Plantation 4.91 Crore Saplings and 11,448 Ha. JK Paper is a net green Company i.e. it plants more trees than it uses.



Quantum Jumps through continuous expansions in last one decade

2005 - Expansion in Coated Paper, 2007 - Expansion in Packaging Board and 2013 - Expansion in Uncoated Paper



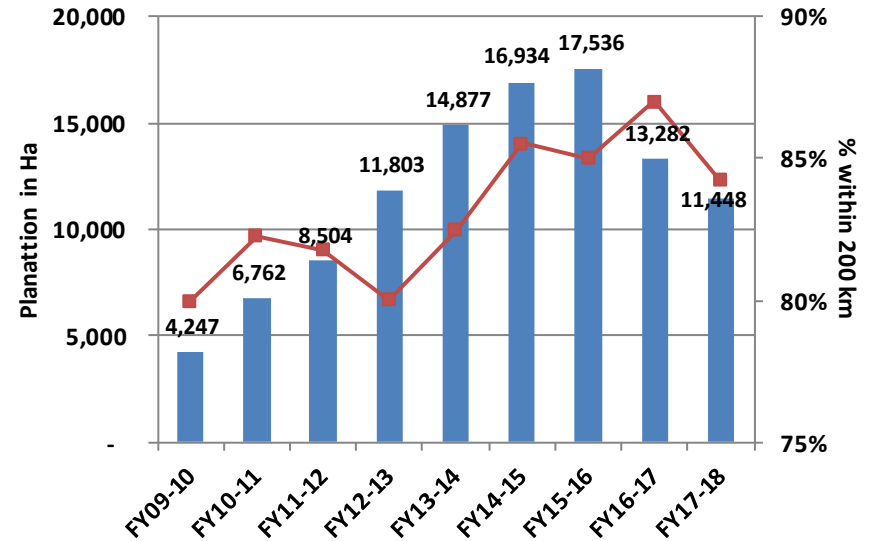
Farm Forestry and Raw Material Security Initiatives

Clonal Development Centre

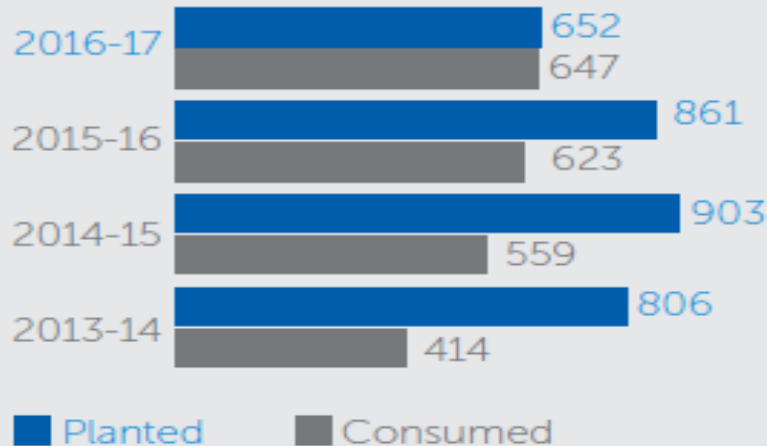
- Started in 1991-92
- 11,448 Ha area planted in 2017-18
- Overall > 1.50 Lac Ha till date



JK Paper – Plantation Coverage under Farm Forestry – in Hectare



Trees Planted vs Consumed (Lacs)



JKPL's Efforts to Reduce Cost of Raw Material

- Maximizing plantation coverage within 200 Km radius
- R&D to develop short rotation clones (2-3 years) for improvement of plantation yield and increase return to farmers
- Focus on training & development to farmers and staffs
- Planting more number of trees than consumed
- Arrangement of loans to Farmer's or Co-operative



Financial Highlights – Profitability

Sl. No.	Financial Year >>>	2012-13	2014-15	2015-16	2016-17	2017-18	
1	Quantity	In MT					
1.1	Production	2,92,582	4,13,835	4,49,918	4,70,292	4,78,158	
1.2	Capacity Utilisation	101%	91%	99%	103%	105%	
1.3	Sales Volume	2,90,421	3,98,387	4,59,977	4,81,828	5,01,543	
2	Operating Results	In Rs. Cr.					
2.1	Gross Revenue from Operations	1,721	2,515	2,881	2,989	3,070	
2.2	Net Revenue from Operations	1,543	2,280	2,564	2,764	2,877	
2.3	Operating Profit (EBITDA)	144	266	402	539	639	
2.4	Cash Profit (PBDT)	95	63	206	351	518	
2.5	Profit / (Loss) Before Tax (PBT)	37	(51)	89	232	375	
2.6	Profit / (Loss) After Tax (PAT)	38	(13)	61	163	260	
3	Key Ratios						
3.1	EBITDA as % to Net Sales	9.4%	11.7%	15.7%	19.5%	22.2%	
3.2	Equity (Net Worth) - Rs. Cr.	872	775	1,111	1,322	1,646	
3.3	Return on Equity (ROE) *	4.4%	-ve	6.5%	13.4%	17.5%	

* Based on Average Net Worth

Note: FY 2015-16 onwards are as per Ind AS, hence not comparable with previous periods



Financial Highlights – Balance Sheet

Year End >>>	31st March				
	2014	2015	2016	2017	2018
Total Assets	3,058	2,897	3,081	3,118	3,095
Net Fixed Assets	2,465	2,294	2,751	2,636	2,603
CWIP	17	28	20	16	34
Investments	96	28	40	271	164
Net Working Capital (excl. cash)	472	530	255	168	172
Cash / Bank balance	8	17	15	27	122
Capital Employed	3,058	2,897	3,081	3,118	3,095
Equity Capital	137	137	149	156	176
Reserves	658	638	962	1,166	1,470
Net Worth	795	775	1,111	1,322	1,646
Total Borrowings	2,189	2,089	1,892	1,698	1,310
Deferred Tax Liability	74	33	78	98	139
Ratios - Times					
Net Debt / Equity *	2.74	2.67	1.68	1.08	0.64
Net Long-term Debt / Equity *	2.47	2.36	1.57	0.98	0.60
Net Debt / EBITDA *	15.75	7.77	4.65	2.65	1.66
FACR	1.49	1.49	1.92	1.91	2.24

*Debt is net of cash & liquid / current Investments

Note: FY 2015-16 onwards are as per Ind AS, hence not comparable with previous periods



Key Awards & CSR

Key Awards received in last one year

Unit JKPM

1. Mill Manager Award by Pulp and Paper International (PPI), Belgium 2017
2. Excellent Energy Efficient Unit at the 18th National award for Excellence in Energy Management- 2017
3. The CII TPM Club of India awarded a TPM Recognition Certificate for Strong TPM Commitment.
4. "Significant Achievement in HR Excellence" CII HR Excellence Award 2017
5. Awarded a certificate of appreciation along with a Plaque at FICCI CSR Award 2017
6. First Prize in Technical Paper & Case Study contest at National Conference of "Society of Power & Energy Professionals (SOPEP)- 2017"
7. Awarded 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

Unit CPM

1. Conferred CII National HR Excellence Award -2017 under "Significant Achievement Category.
2. Chairman's People Management Award 2016-17

Livelihood Interventions

1. 172 Self help Groups (SHGs) with over 1900 members
2. 554 SC & ST youth mobilised and micro enterprises viz., tailoring, cycle mart etc set up where monthly income is Rs 9500- 12,500.
3. Create demand for govt programs viz., MUDRA & OLM.
4. Training to adopt scientific agri-practices in other crops (area covered till date > 400 acres)

CSR



Education

1. Adult Literacy a long standing program of JKO has enabled more than 15,500 tribal individuals become literate
2. Encouraging Merit & Scholarship amongst tribal students through free education, tutorial support

Health

1. JK Center for Tribal Eye Health in partnership with the LVPEi eye hospital - screened over 32,857 patients and 3692 surgeries.
2. Educate women on govt programs on MCH & JSY, follow all protocols during pregnancy & post natal care, ensure 100% compliance on immunisation.
3. Community out reach through general health & blood donation camps; satellite dispensary benefitted over 81,000 people till date.



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THANK YOU

