

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

# JK Paper

-An Industry benchmark with Power Packed Brands

**Unaudited Results for Q2 of FY 2010-11**  
29<sup>th</sup> Oct. 2010

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## Performance Highlights for Q2 (FY 2010-11)

- Highest ever Net Sales, EBITDA & Cash Profit was achieved during the quarter
- EBITDA - Rs. 71.55 Cr. as against Rs. 63.39 cr. in corresponding quarter last year
- PAT - Rs. 29.08 Cr. as against Rs. 23.42 cr. in corresponding quarter last year
- Interest expense for the quarter has come down by 20.5% to Rs. 8.41 Cr. from Rs. 10.57 Cr. as a result of reduction in debt arising from Company's strong Cash Flow. The Company has also provided Rs. 3.82 Cr. towards 50% of the one time redemption premium payable on FCCBs due for redemption on 30<sup>th</sup> March 2011.
- The growth in Operating Profit (EBITDA) was possible due to better sales realization and increased capacity utilization across all product lines and sale of more value added products in the packaging board operations.
- JK Paper maintained its leadership position in Cut-Size Copier Paper segment and continued its strong standing in Coated Paper and high end Packaging Board
- Sales Volume during quarter was 77,063 MT as against 73,021 MT in the corresponding quarter, an increase of 5.5%



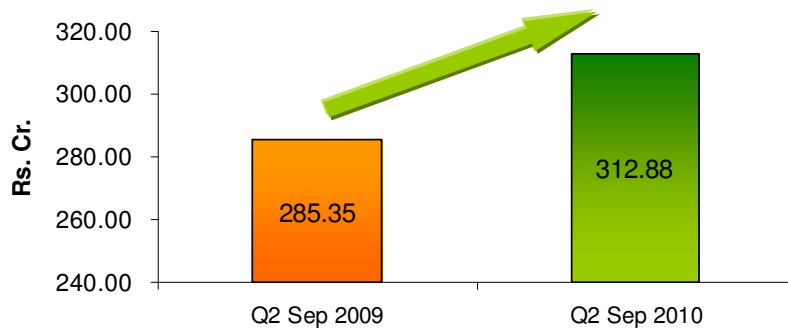
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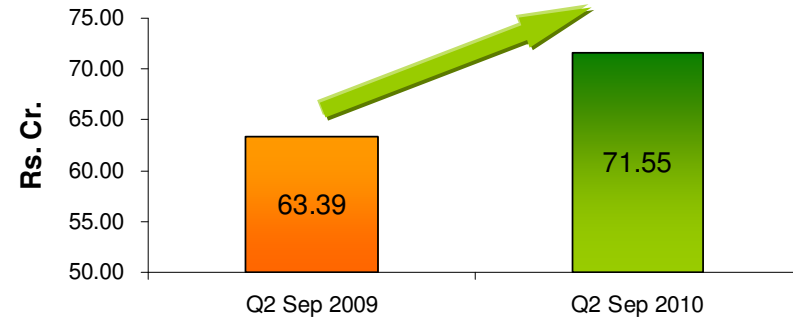
# Highest ever Net Sales, EBITDA & Cash Profit for the quarter in the History of JK Paper...

## 2<sup>nd</sup> Quarter (FY 2010-11) - Financial Highlights

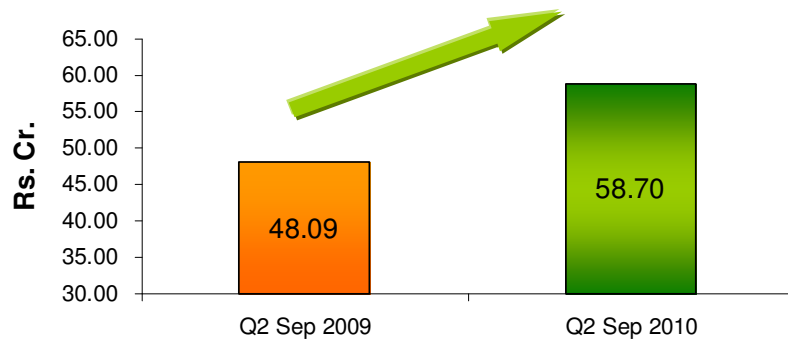
**Net Sales up by 9.6 %**



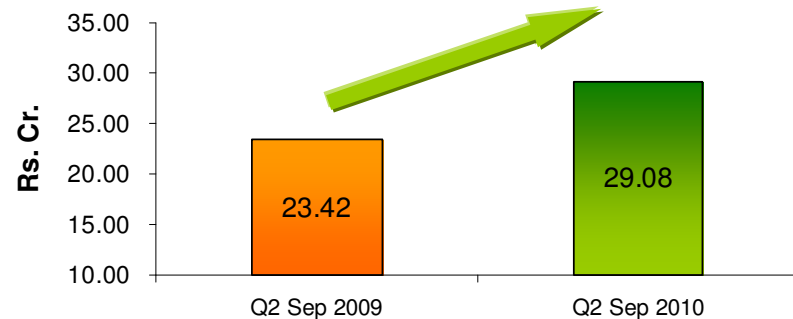
**EBITDA by 12.9 %**



**Cash Profit (PBDT) by 22.1 %**



**Net Profit (PAT) by 24.2 %**



### Beyond Financials...

Company has received several recognition and awards for its energy management, industrial relations, ground water augmentation and safety. JK Paper's constant obsession towards excellence resulted in its winning the TPM Consistent Commitment Award, taking it a level up from winning the TPM Excellence Award-First Category previously..



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## JK Paper - Key Financials for Q2 & H1 (2010-11 vs 2009-10)

Rs. Crore

Key Financials - Rs. Cr.	2nd Quarter		1st Half		% Growth	
	2010-11	2009-10	2010-11	2009-10	Q2	H1
Gross Sales	364.06	333.23	702.19	640.18	9.3	9.7
Net Sales	312.88	285.35	603.40	545.99	9.6	10.5
EBITDA	71.55	63.39	138.64	124.39	12.9	11.5
EBIT	53.64	45.80	103.02	89.28	17.1	15.4
PBT	39.36	35.46	80.35	66.02	11.0	21.7
PAT	29.08	23.42	58.19	43.58	24.2	33.5
EBITDA Margin	22.9%	22.2%	23.0%	22.8%	2.9	0.9

### Continuous increase in sales of own manufactured products..

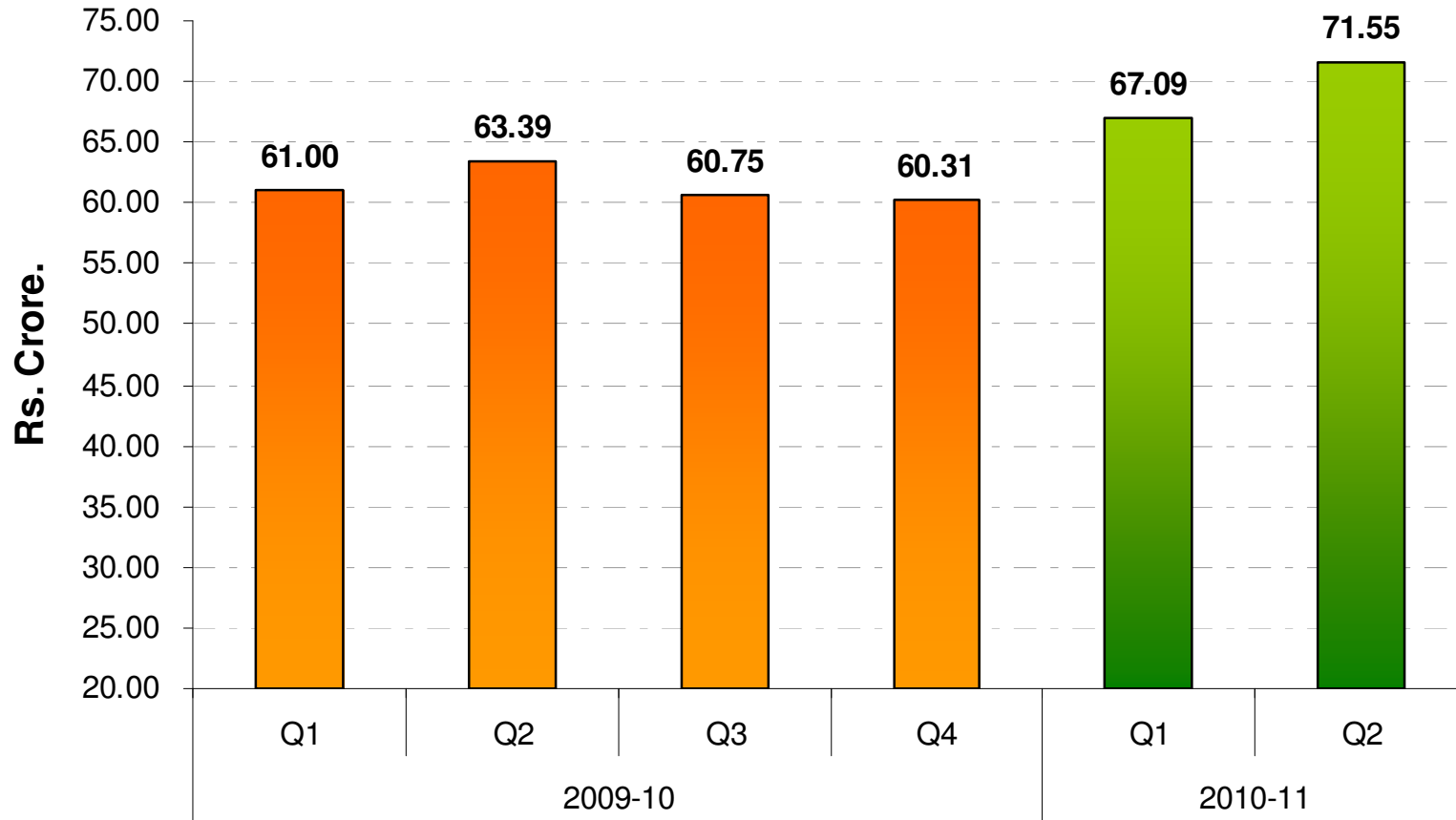
Sales Volume - MT	2nd Quarter		1st Half		% Growth	
	2010-11	2009-10	2010-11	2009-10	Q2	H1
- Own manufactured						
Paper & Packaging Board	66,550	64,517	129,457	126,114	3.2	2.7
Pulp transfer to Packaging Board	9,185	5,416	16,142	9,419	69.6	71.4
<b>Total Own manufactured</b>	75,735	69,933	145,599	135,533	8.3	7.4
- Outsourced	1,328	3,088	2,909	4,835	(57.0)	(39.8)
<b>Total</b>	77,063	73,021	148,508	140,368	5.5	5.8



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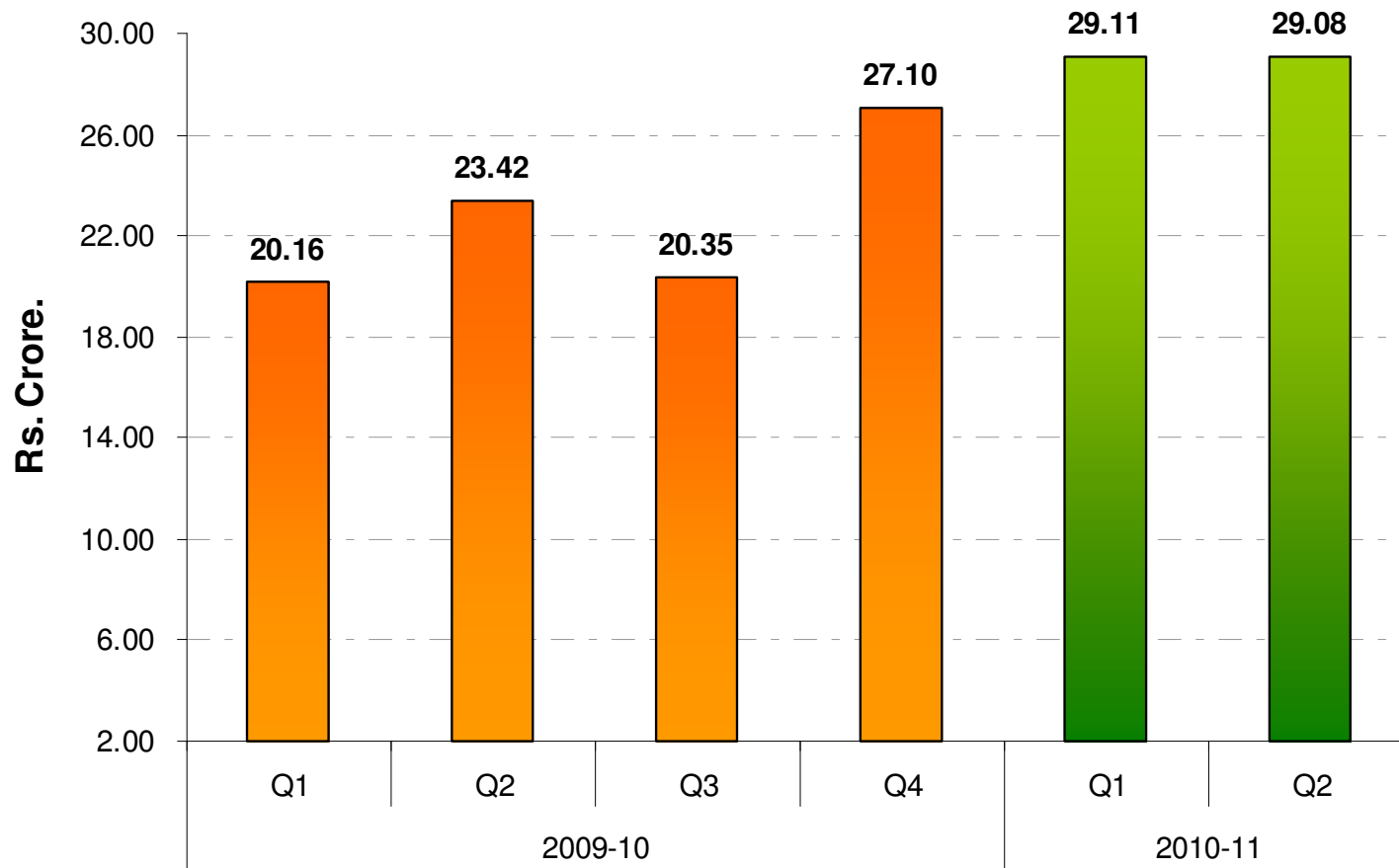
# Continuous Improvement in EBITDA ...



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# Continuous Improvement in PAT ...



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# Statement of Assets & Liabilities as on 30<sup>th</sup> Sep 2010

Sl. No.	Particulars	In Rs. Cr.		
		30.09.2010 (Unaudited)	30.09.2009 (Unaudited)	31.03.2010 (Audited)
1	Shareholders' Funds			
	(a) Capital	78.24	78.35	78.35
	(b) Reserves & Surplus	450.01	368.38	397.39
2	Loan Funds	497.80	603.79	548.21
3	Deferred Tax Liability	130.50	132.32	134.56
	<b>Total</b>	<b>1,156.55</b>	<b>1,182.84</b>	<b>1,158.51</b>
4	Fixed Assets	889.54	921.52	900.38
5	Investments	74.87	14.85	41.94
6	Current Assets , Loans and Advances			
	(a) Inventories	119.13	125.90	126.89
	(b) Sundry Debtors	101.20	102.71	104.49
	(c) Cash and Bank Balances	13.73	12.54	7.87
	(d) Loans and Advances	145.75	184.19	160.98
	Less : Current Liabilities and Provisions			
	(a) Liabilities	180.31	170.97	158.54
	(b) Provisions	7.59	8.75	25.77
7	Misc.expenditure ( Not written off)	0.23	0.85	0.27
	<b>Total</b>	<b>1,156.55</b>	<b>1,182.84</b>	<b>1,158.51</b>



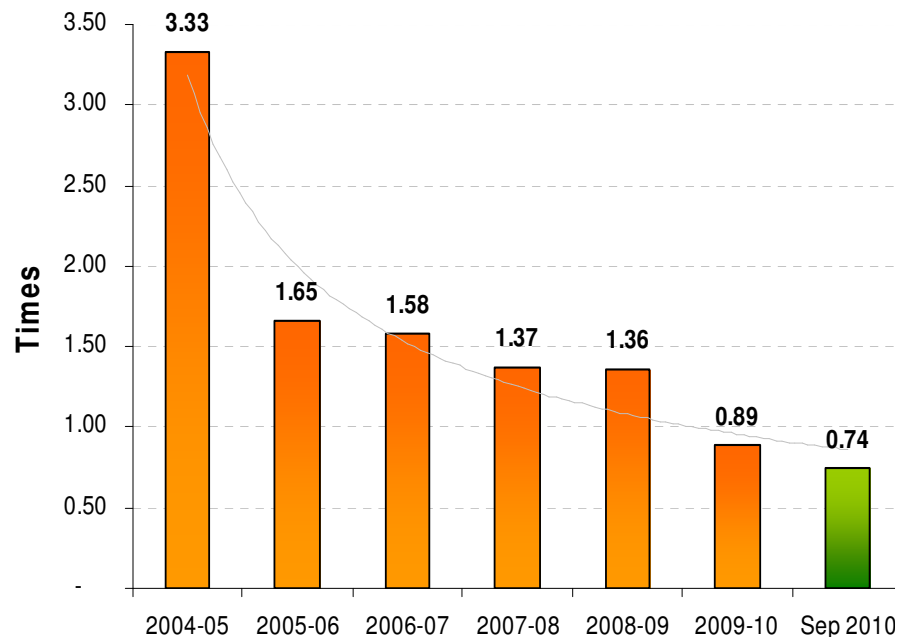
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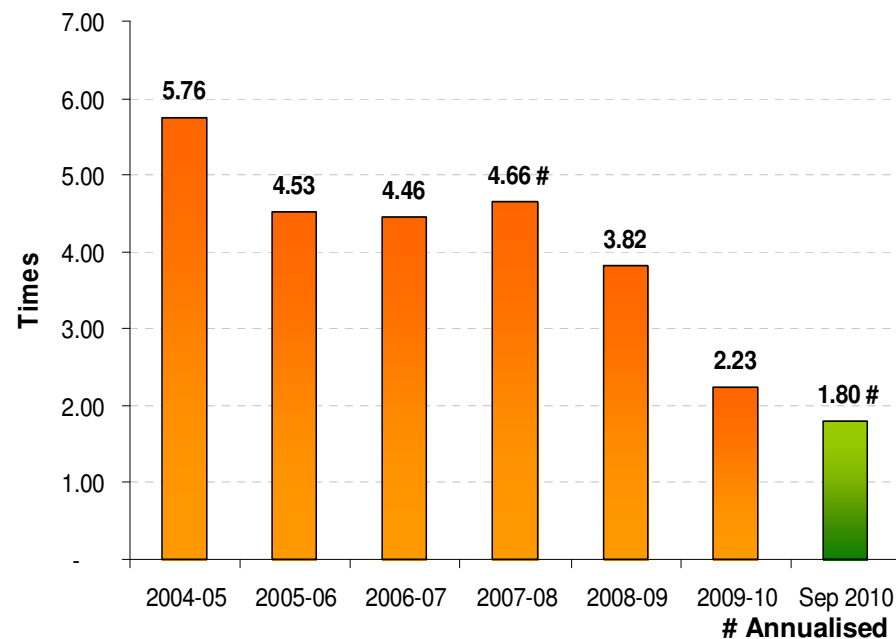


# Significant Improvement in Financial Leverage over the years...

## LT Debt to Equity Ratio - Times



## Debt to EBITDA Ratio - Times



## Fund Raising for Expansion..

Board of Directors of the Company has recommended a Special Resolution for approval of the Members, at the forthcoming Extra Ordinary General Meeting of the Company, to authorize the Board of Directors to issue securities upto Rs. 250 Crores in aggregate including premium, by way of Qualified Institutional Placement, FCCBs or otherwise, to Qualified Institutional Buyers & other investors, to part finance the project for expansion of capacity in printing & writing paper of the Company, and for general corporate purposes.



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## Industry outlook & JK

- India is amongst the fastest growing paper market in the world.
- The prominent segments of paper are:
  - Maplitho – surface sized printing paper
  - Office paper – general purpose copier, printer paper
  - Coated paper – High quality printing paper
- Office / copier paper market growing at double digit rates on the strength of
  - Increasing use of computers & printers.
  - Shift in printing paradigm from print and distribute to distribute (by electronic means)
  - Growing personal printing and print industry.
  - Growth of bills for credit cards & phones, electricity connections, e-ticketing, bank account statements, direct mailers, etc.
- Folding Box Board market is growing at over 15% pa
- JK paper is the market leader in Copier segment with over 28% market share which is growing at over 15% pa
- JK paper ranks 2<sup>nd</sup> in India with over 27% market share in Packaging Board.



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# Key Demand Drivers

Industry Specific Drivers	Segment Specific Drivers
<p>Lifecycle of a paper product from manufacture to consumption &amp; disposal is short (paper is used more in the nature of a consumption good)</p>	<p><b>Branded Copier Paper</b></p> <ul style="list-style-type: none"> <li>– Printers growing at 11% p.a., Cartridges growing at 13% p.a.</li> <li>– Increase in economic activities leading to demand for direct mailers, bills, statements etc.</li> <li>– Increase in disposable incomes and growing penetration of home use printers</li> </ul>
<p>India has population of over 1.1 billion people – small increase in per capita consumption by 1 Kg would translate into 11% growth in demand</p>	<p><b>Coated Paper</b></p> <ul style="list-style-type: none"> <li>– Users shifting from uncoated papers (maplitho) to coated papers for better quality printing</li> <li>– Increase in Advertisement &amp; Promotion through print media – brochures, pamphlets, annual reports, magazines</li> </ul>
<p>Demand in paper is directly linked to Economic Growth — India is among the fastest growing economies in the World</p>	<p><b>High End Packaging Boards</b></p> <ul style="list-style-type: none"> <li>– Increase in demand for packaged goods, growth in packaging industry, development of high grade paperboard based flexible packaging</li> <li>– Sustained Growth in Organized Retail</li> </ul>
<p>Government of India's emphasis on Education and literacy</p>	
<p>Expanding Middle Class and rapid shift from unorganized to organized retail leading to high growth in packaging paperboards</p>	



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