



JK Paper Today

Corporate Update

An Industry benchmark with Power Packed Brands

21st November, 2017

*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	5,212
Revenue	3,289

Paper



JK PAPER LTD.
Creating lasting impressions

	Rs. Cr.
Mkt Cap	2,169
Revenue	2,989

Tyre



	Rs. Cr.
Mkt Cap	3,391
Revenue	8,318

Agri Genetics



	Rs. Cr.
Mkt Cap	446
Revenue	193

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	151
Revenue *	947

* incl. LVP Foods (unlisted Co.)

Education



Defence Electronics



Hospital & Health services



Clinical Research



Market Capitalisation (Mkt Cap) is as of 12th Nov, 2017 & Revenue is for last 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

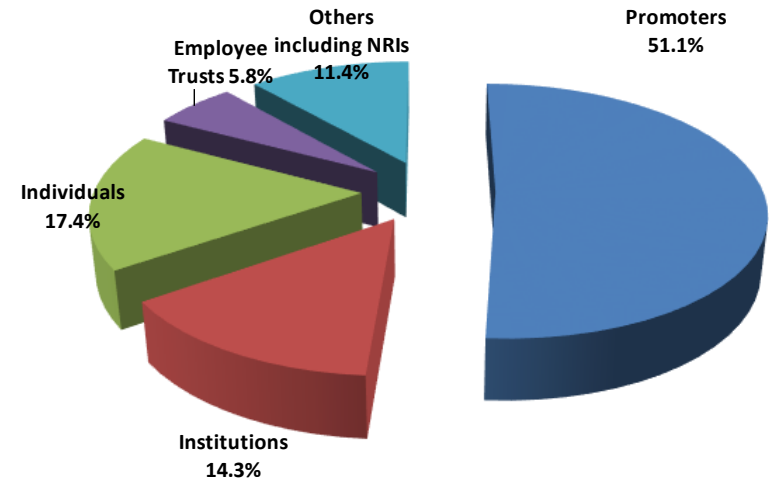


General Insurance Corporation of India
(Wholly owned by the Government of India)
Global Reinsurance Solutions



Shareholding Pattern

As of 30th September 2017



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 24% ***)



Coated Paper (Amongst top Two
– **Current Mkt. Share is 12% ***)



Packaging Board
(Amongst top Two
Current Mkt. Share is 14% *)



* Company Estimates

Panoramic view of the Unit JKPM (Orissa)

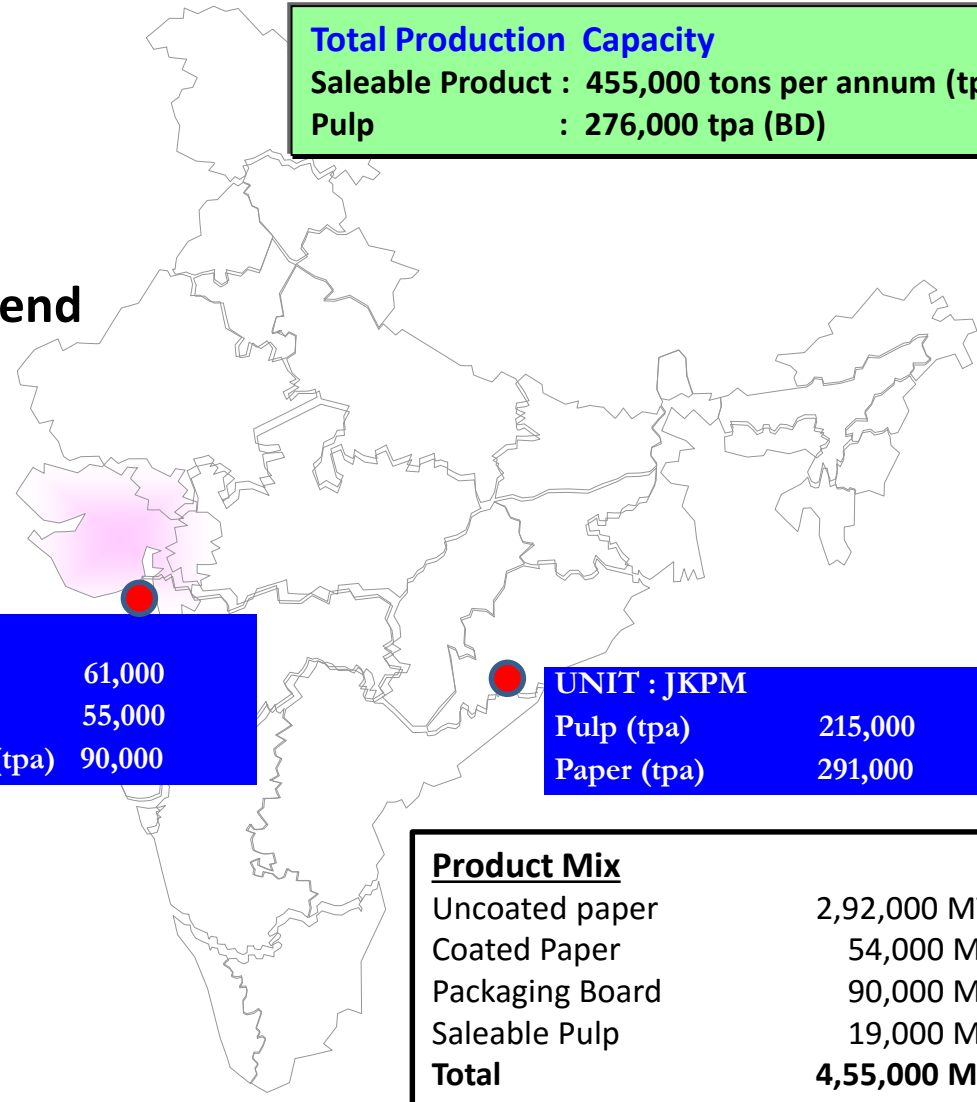


Panoramic view of the CPM (Surat, Gujarat)



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
 - 14 warehouses
 - 201 distributors*
 - over 4,000 dealers



* Including direct dealers



Global v/s Indian Segmental Growth

S N	Product	Volume (Mn Tons)			Share %			Projected Growth%	
		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	0.79	1.0	6.3	4.9	4.6	-0.5	5.3
2	Uncoated	54.2	4.07	4.8	13.4	25.0	23.1	-0.3	4.5
3	Creamwove		1.86	2.0		11.4	9.6		2.1
4	Copier & High Bright Maplitho		2.20	2.8		13.5	13.4		6.4
5	Packaging Board		43.7	3.43		4.9	10.7		21.1
6	Virgin Fiber Based		0.77	1.1		4.8	5.4		13.7
7	Recycled Fiber Based		2.66	3.7		16.3	17.7		8.1
8	Tissue	33.6	0.13	0.2	8.3	0.8	1.1	3.2	15.5
9	Industrial incl. Kraft	165.7	4.76	6.7	40.8	29.2	32.1	2.2	9.1
10	Newsprint	46.6	2.57	2.7	11.5	15.8	12.7	-2.8	1.0
11	Others	36.7	0.54	0.7	9.0	3.3	3.4	-1.0	7.5
12	Total	406.3	16.27	21.0	100.0	100.0	100.0	1.0	7.0

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 ~23.2% 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



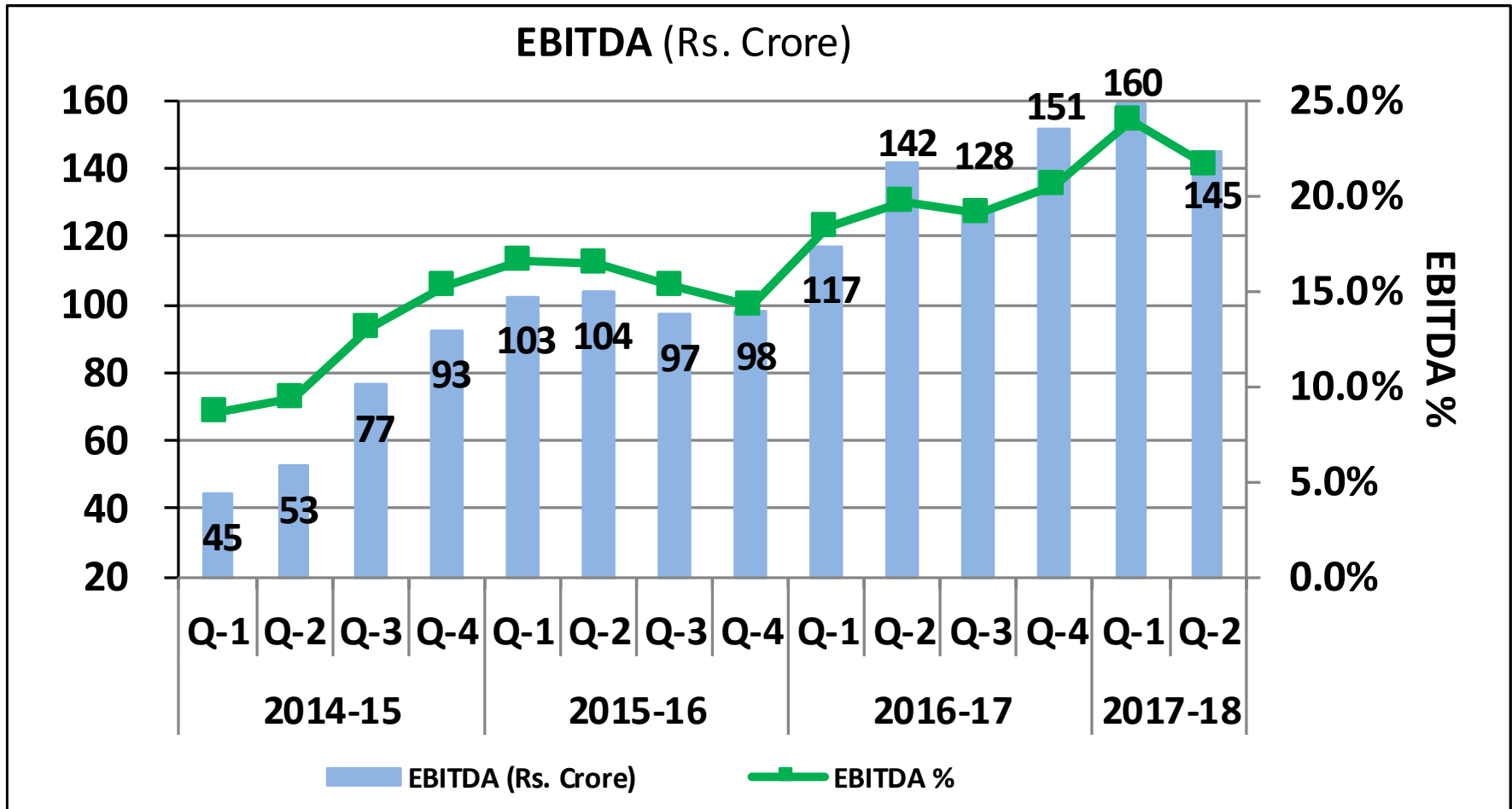
A4 Cutting Line



Robotic Palletizer



JKPL Performance



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



JK Paper - Key Financials for Q2 & H1 (FY 2017-18 vs FY 2016-17)

	Unit	2nd Quarter			6 Months		
		2017-18	2016-17	% Growth	2017-18	2016-17	% Growth
Sales Volume	MT	1,17,837	1,27,315	(7.4)	2,29,801	2,41,637	(4.9)
Uncoated Paper	MT	72,731	80,095	(9.2)	1,40,775	1,52,265	(7.5)
Coated Paper	MT	22,216	24,742	(10.2)	46,459	44,738	3.8
Virgin Fibre Board	MT	22,890	22,478	1.8	42,567	44,634	(4.6)
Gross Revenue	Rs. Cr.	711	769	(7.6)	1,431	1,480	(3.3)
Net Revenue	Rs. Cr.	671	721	(6.8)	1,337	1,359	(1.6)
EBITDA	Rs. Cr.	145	142	2.3	305	259	18
EBIT	Rs. Cr.	115	112	2.8	245	199	23
PBT	Rs. Cr.	81	62	31.1	172	101	70
PAT	Rs. Cr.	57	44	28.8	117	71	65
EBITDA Margin	%	21.6%	19.7%	1.9%	22.8%	19.1%	3.7%



JKPL - Profitability

Rs. Cr.

S.N.	Description	2013-14	2014-15	2015-16	2016-17					2017-18	
		12 Months	12 Months	12 Month	Q1	Q2	Q3	Q4	12 Months	Q1	Q2
1	Gross Revenue from Operations	2,025	2,515	2,881	711	769	722	788	2,989	721	711
1.1	Net Revenue from Operations	1,838	2,280	2,564	638	721	671	735	2,764	665	671
2	Cost of Materials Consumed	1,079	1,295	1,282	315	327	308	319	1,268	317	307
2.1	(Increase)/Decrease in Stock	(58)	(25)	19	(37)	23	1	9	(5)	(63)	(56)
2.2	Power, Fuel & Water	200	211	215	52	53	54	54	212	58	61
2.3	Excise Duty	100	121	127	31	35	33	36	135	33	-
2.4	Staff Costs	159	166	181	48	53	52	64	218	54	60
2.5	Purchase of Traded Goods	93	66	171	68	51	50	55	223	59	108
2.6	Other Expenditure	142	192	178	48	44	52	56	199	55	54
2.7	Total Expenses	1,714	2,026	2,173	524	586	549	592	2,252	512	533
3	Other Income	15	12	11	3	7	7	9	26	6	6
4	EBITDA	139	266	402	117	142	128	151	539	160	145
5	Finance Costs	122	204	195	49	50	46	43	188	40	33
6	PBDT (3 + 4 - 5)	17	63	206	69	92	82	108	351	120	112
7	Depreciation	122	114	117	30	30	30	29	120	30	30
8	PBT	(123)	(51)	89	39	62	52	79	232	90	81
9	PAT	(77)	(13)	61	27	44	36	56	163	60	57

% to Net Sales

1	Materials Cost (2 + 2.1 + 2.5)	60.6	58.6	57.4	54.1	55.6	53.4	52.1	53.8	47.0	53.4
2	Power, Fuel & Water	10.9	9.2	8.4	8.1	7.3	8.1	7.3	7.7	8.7	9.1
3	Staff Costs	8.6	7.3	7.0	7.6	7.4	7.8	8.7	7.9	8.1	8.9
4	EBITDA	7.5	11.7	15.7	18.4	19.7	19.1	20.6	19.5	24.0	21.6

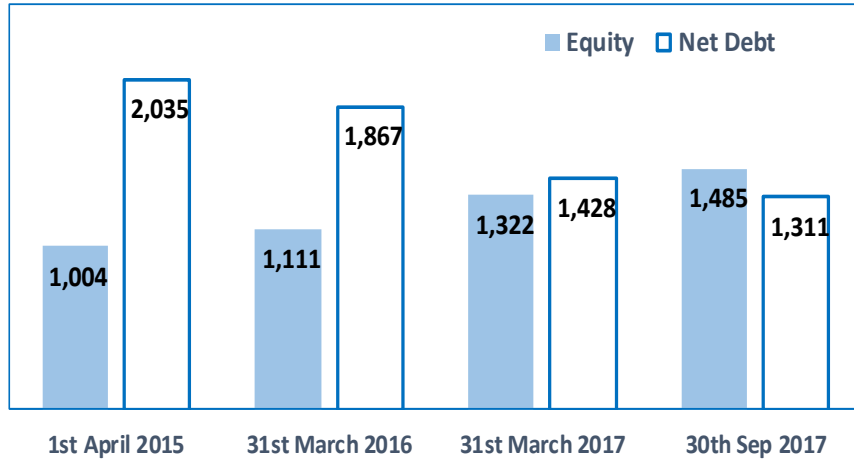
Note: FY 2015-16 onwards are as per Ind AS, hence not comparable with previous periods

Significant reduction in Conversion Cost post expansion at Unit JKPM

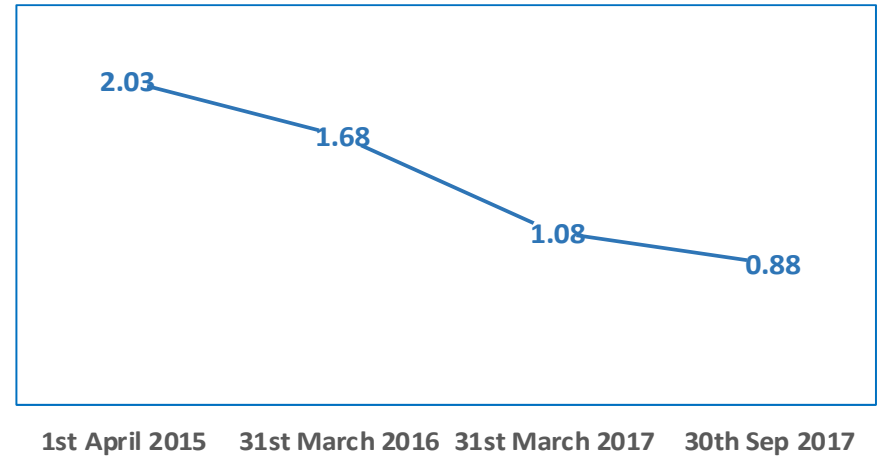


Focus on Deleveraging

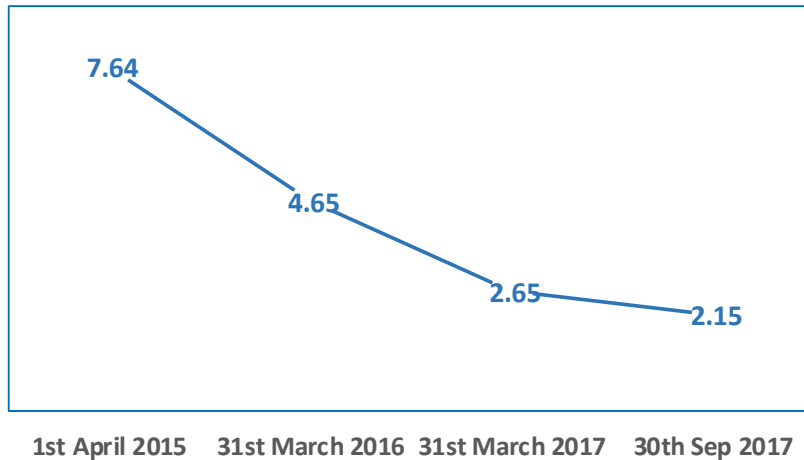
Reduction in Net Debt (Rs. Cr.)



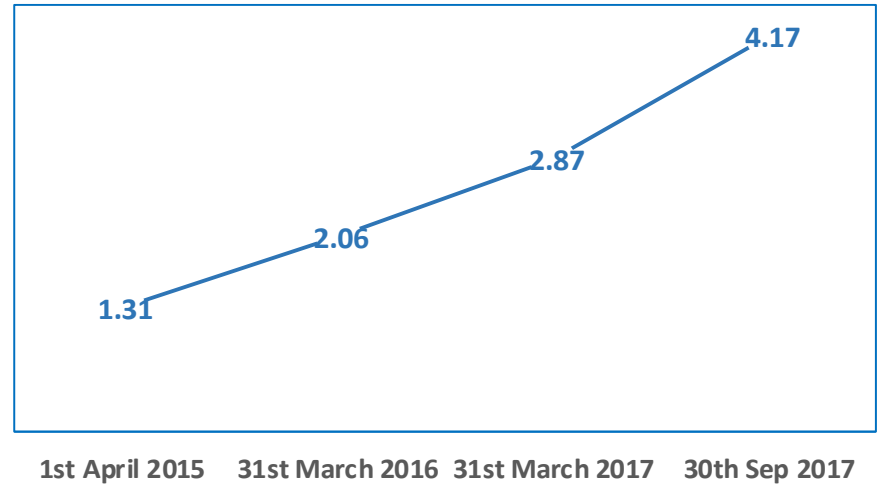
NET DEBT / EQUITY RATIO



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 2016-17)

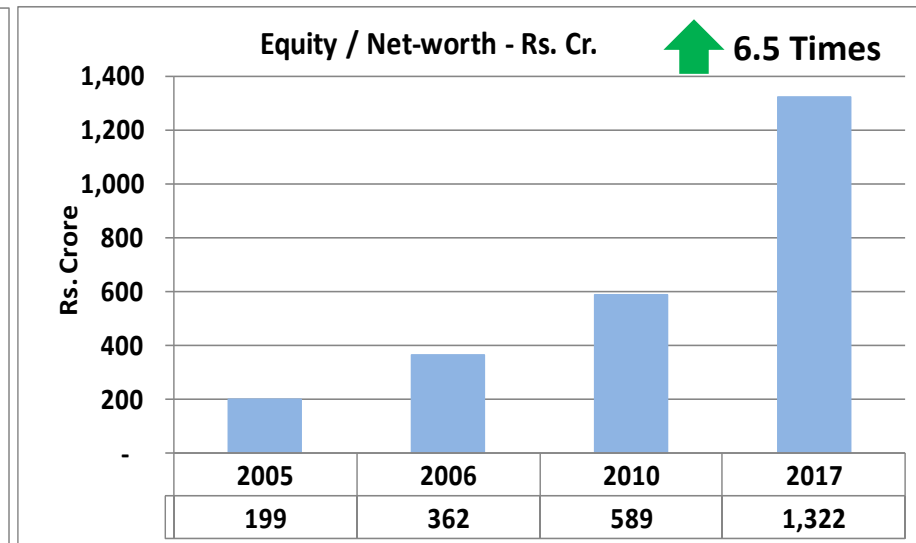
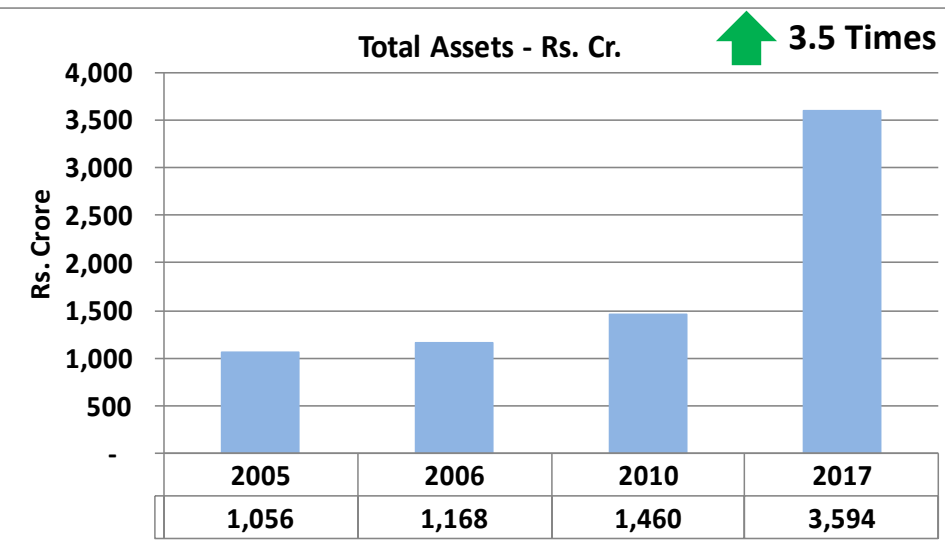
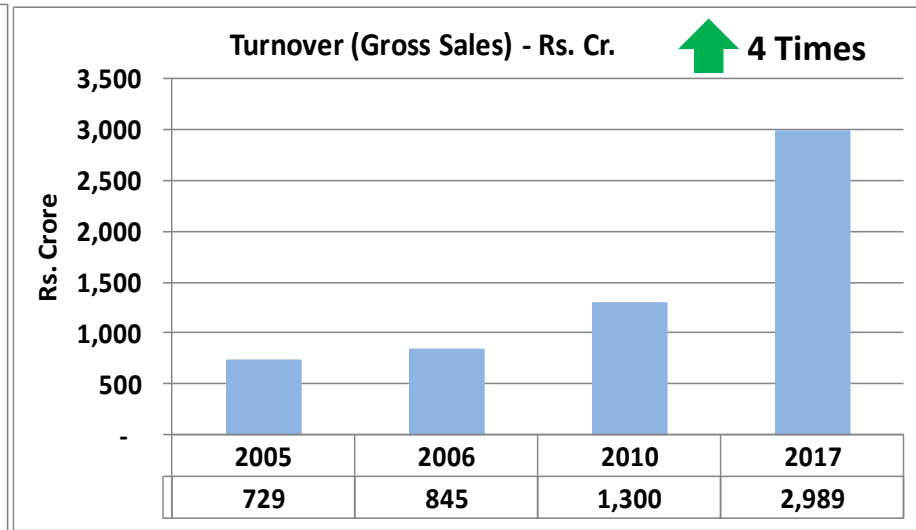
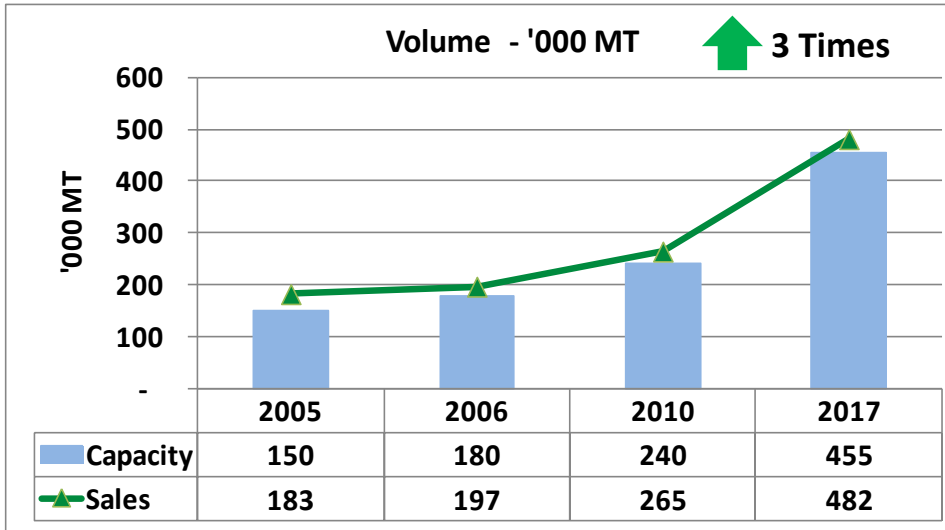
1. Increase in Copier Market share to 24 %* in Domestic Market from 19 % in FY 2012-13
2. Highest ever Production of 4.70 Lac MT during FY 16-17 (4.50 Lac MT in FY 15-16)
3. Highest ever Sales 4.82 Lac MT during FY 16-17 year (4.60 Lac MT in FY 15-16).
4. Unit : JKPM PM-6 achieved 108.4% capacity utilisation (Q4 : 110.1 %).
5. Unit : JKPM achieved best in the class of industry Power consumption(1140 KwH/MT), Coal Consumption (0.64 T/MT), Water Consumption (42 M3/MT) of Paper.
6. Impact of thrust on plantation :
 - I. CPM able to source 100% of its Raw Material from area within a radius of 200 K.M. Actual Weighted Average Cost During FY 16-17 Rs.7,360/ADMT
 - II. At JKPM During FY 2016-17 Sustained plantation efforts has resulted in increased sourcing volume within 200 KM from 42% to 53% thereby reducing the average cost from Rs 9,450/ADMT to Rs 8,787/ADMT
7. Total Plantation 6.52 Crore Saplings and 13,282 Ha. JK Paper a net green company now i.e. it plants more trees than it uses

* Source: Company Estimates



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



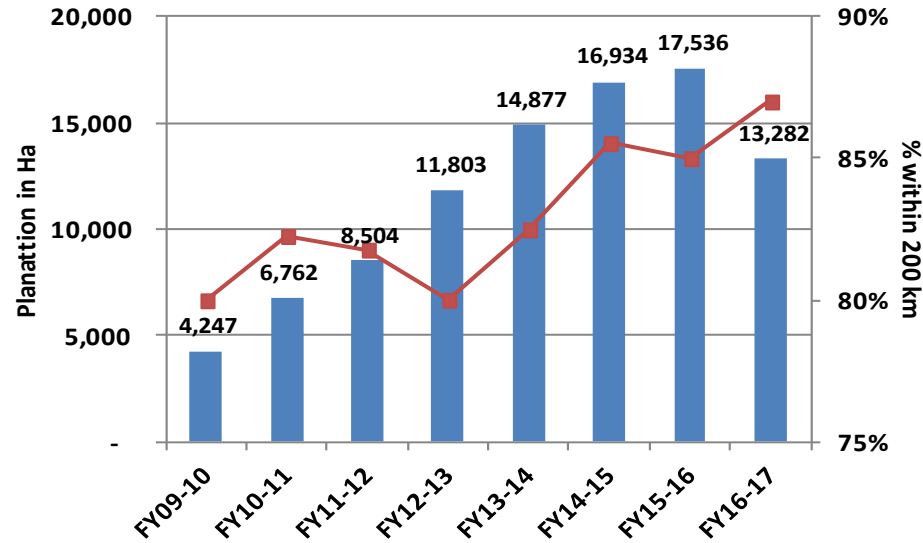
Farm Forestry and Raw Material Security Initiatives

Clonal Development Centre

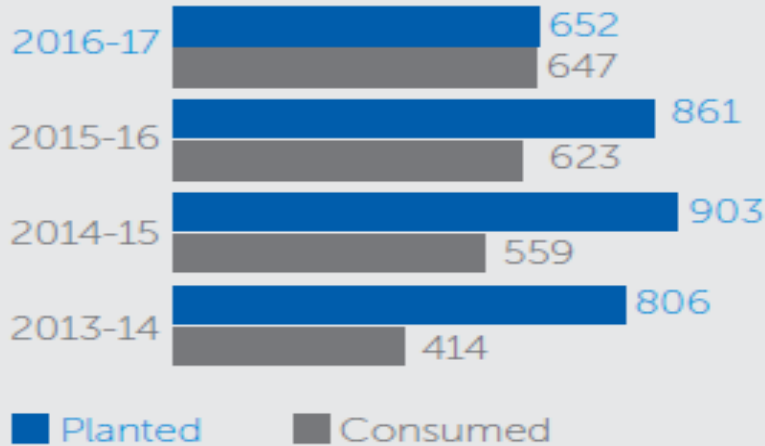
- Started in 1991-92
- 13,251 Ha area planted in 2016-17
- Overall > 1.50 Lac Ha till date



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	H1 (2017-18)
1	Quantity	In MT				
1.1	Production	2,92,582	4,13,835	4,49,918	4,70,292	2,35,546
1.2	Capacity Utilisation	101%	91%	99%	103%	103%
1.3	Sales Volume	2,90,421	3,98,387	4,59,977	4,81,828	2,29,801
2	Operating Results	In Rs. Cr.				
2.1	Gross Revenue from Operations	1,721	2,515	2,881	2,989	1,431
2.2	Net Revenue from Operations	1,543	2,280	2,564	2,764	1,337
2.3	Operating Profit (EBITDA)	144	266	402	539	305
2.4	Cash Profit (PBDT)	95	63	206	351	245
2.5	Profit / (Loss) Before Tax (PBT)	37	(51)	89	232	172
2.6	Profit / (Loss) After Tax (PAT)	38	(13)	61	163	117
3	Key Ratios					
3.1	EBITDA as % to Net Sales	9.4%	11.7%	15.7%	19.5%	22.8%
3.2	Equity (Net Worth) - Rs. Cr.	872	775	1,111	1,322	1,485
3.3	Return on Equity (ROE) *	4.4%	-ve	6.5%	13.4%	16.6%

* 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				30th Sep
	2014	2015	2016	2017	2017
Total Assets	3,058	2,897	3,081	3,118	3,199
Net Fixed Assets	2,465	2,294	2,751	2,636	2,614
CWIP	17	28	20	16	22
Investments	96	28	40	271	296
Net Working Capital (excl. cash)	472	530	255	168	246
Cash / Bank balance	8	17	15	27	21
Capital Employed	3,058	2,897	3,081	3,118	3,199
Equity Capital	137	137	149	156	169
Reserves	658	638	962	1,166	1,316
Net Worth	795	775	1,111	1,322	1,485
Total Borrowings	2,189	2,089	1,892	1,698	1,597
Deferred Tax Liability	74	33	78	98	117
Ratios - Times					
Net Debt / Equity *	2.74	2.67	1.68	1.08	0.88
Net Long-term Debt / Equity *	2.47	2.36	1.57	0.98	0.80
Net Debt / EBITDA *	15.75	7.77	4.65	2.65	2.15
FACR	1.49	1.49	1.92	1.91	1.88

*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. 1st Prize in the prestigious “National Energy Conservation Award 2015” and 2nd in “National Energy Conservation Award – 2016”, organised by Ministry of Power and Bureau of Energy Efficiency (BEE)
2. Platinum Award on 1st February 2017 from Greentech Foundation, New Delhi for excellent Environment Management
3. “Energy Efficient Unit” and “Most Useful Presentation Award” during 17th National Award for Excellency in CII Energy Management summit.
4. Winner at the prestigious “7th -SRISTI- G- CUBE (Good Green Governance) Award-2015 organised by SRISTI publication
5. Won the “Strong Commitment to HR Excellence Award” in the Prestigious 7th CII National HR Excellence Awards 2016.
6. “15th Annual Greentech Safety Award- 2016” in Gold category in Paper sector from Greentech Foundation
7. CSR wing **SPARSH** bagged “**Best Performance Award**” from Hon’ble Minister Higher Education, Science & Technology and Rural Development, Odisha

Unit CPM

1. Won the CII National HR Excellence Award - 2016, “Significant Achievement” category at 7th CII National HR Excellence Award Confluence – 2016-17”
2. Innovation in CSR Practices Award from World CSR Day & World Sustainability Organization, Mumbai 2015-16

Livelihood Interventions

1. 148 Self help Groups (SHGs) with over 1500 female members
2. 456 SC & ST youth mobilised and micro enterprises viz., tailoring, cycle mart etc set up where monthly income is Rs 7500- 10,000.
3. Create demand for govt programs viz., DDU GKY & MUDRA
4. ITI UKAI upgraded under PPP mode in 2008, 2 new KVK’s (Krishi Vigyan Kendras) started in remote villages

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 23,525 patients and 2331 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

