

**PRESS RELEASE**

**Rainbow Papers report highest ever sales at Rs.284 crores**

*Dividend at Rs. 2 per share, Q4 net sales grow by 112.6 % growth and Stock Split subdividing the Nominal value Share from Rs.10/- to Rs.2/- per share*

**Quarter 4 Result Highlights**

- Quarterly revenue of Rs.109.47 crores for Q4 2010, is highest in company's history
- The Quarterly Sales growth of 112.6% on QoQ
- Profit Before Tax grows by 208.42% in the Quarter to Rs.14.68 Crores
- Q4 '10 EBITDA growth surges 42.72 % to Rs.24.80 Crores.
- Cash Profit grows by 60.73% for Q4 2010 to Rs.18.94 Crores.

**FY 2009-10 Result Highlights**

- FY 2009-10 sales of Rs.284.28 crores is highest in company's history
- Annual Sales increased by Rs.21.84% YoY.
- Annual Profit Before Tax grows by 84.49% to Rs. 31.18 Crores in the Year
- FY 09-10 EBITDA of Rs. 68.06 crores, translates to YoY growth of 29.85%.
- Cash Profit grows by 24.55% for FY2009-10 to Rs.51.79 Crores
- Board of Directors recommends 20% dividend i.e. Rs. 2 per share of FV Rs.10, is highest in company's history

**Ahmedabad, May 28, 2010:** RAINBOW PAPERS Limited is one of the leading paper manufacturing companies in India using the eco-friendly process of recycling of waste paper. It reported a robust performance for the financial year ending March 31, 2010. The Sales for the last Financial Year, ending 31<sup>st</sup> Mar.2010 surpassed **Rs.284 Crores** and saw a **YOY growth touching more than 21.84%**. The board further approved splitting of equity shares of the Company from Rs. 10 each to Rs. 2 each. After the splitting, the issued and paid up capital of the Company would be of Rs. 17,44,34,600/- consisting of 8,72,17,300 equity shares of Rs. 2 each.

RAINBOW PAPERS established a new benchmark in its performance recording historically the Highest Annual Sales coinciding with the Highest Quarterly Sales, achieved in the last Financial Year and last Quarter, ending 31<sup>st</sup> Mar. 2010. The Company achieved highest quarterly sales of Rs **109.46crores** in Q4 2009-10, with **an impressive 112.6 % growth**, a remarkable achievement for the Company.

**Guidance:**

- Guidance for Sales of Rs.493 Crores, an expected growth of 73.59% for FY 2010-11.
- Guidance for EBITDA of 125 Crores, indicating a growth of 83.66% for FY 2010-11.

Mr.Ajay Goenka, MD, RAINBOW PAPERS shares "We are pleased to report our performance for Q4 2010 and FY 2009-10, which we consider spectacular by more ways than one. The FY 2009-2010 has been a very important and hectic year for RAINBOW PAPERS. Foremost, our results have outperformed expectations. Secondly, our brownfield expansion of commissioning PM 7 (Paper Mill 7) in the FY 2009-10 has enabled us to carry out the most cost effective capacity expansion programs in this Industry. We are further enhancing our capacities by installing PM 8, a 350 TCD paper plant, at our existing location, which would come into production by the last Qtr of 2010-2011. The success of these initiatives has demonstrated our capabilities in both: Exemplary Project Management and Generating Operating Efficiencies. Our financial performance reflects our consistent progress inspite of the daunting challenges posed by the Economy and Markets. Also, the company has successfully raised \$27 million (Rs. 121 crore) through a GDR issue in the Year 2009-10.Over the years, we have consistently delivered strong results and have benefited all stakeholders".

For the Fourth Quarter ending March 31, 2010, the company achieved sales of 109.46 crores, 112.6% higher than the corresponding period last year. EBITDA of Rs. 24.80 crores, 42.72% higher than the corresponding quarter last year was achieved.

For the Year Ending March 31 2010, the company achieved sales of 284.27 crores, a more than 21.84% YoY growth. EBITDA of Rs. 68.06 crores, was 29.85% higher than the corresponding period last year. Cash Profit increased by 24.55% to 51.79 crores for the Year. An EBITDA margin over 23.94% for the Year was observed through cost optimization resulting in better realization of margins and improved efficiencies and higher productions. This combination favored well as market demand for the products shifted positively. With such strong achievements and bold results, the Board of Directors are pleased to recommend a 20% dividend for the shareholders (dividend of Rs 2 per share on a share of Face Value Rs. 10). “Looking forward, we maintain focus on further strengthening our industry standings by adding capacities, better integration, while continuing to improve efficiencies in our business. We will continue to innovate in all areas of our business – technologically superior products, channel expansion, integration of resources, manufacturing excellence and prudent management of investment and finances. Looking towards the future, RAINBOW PAPERS is expanding its product category with the introduction of Folding Duplex Board and Packaging Board and other varieties of environmentally benign paper. Furthermore, we continue to seek growth oriented opportunities within India and abroad to further enhance shareholder value”, adds Mr. Ajay Goenka, MD, RAINBOW PAPERS.

### **Outlook for FY 2010-11**

The Indian Economy has rebounded strongly with renewed demand for paper and paper Products. The emphasis on primary Education, the rise in demand for newsprint and paper used for packaging will provide a strong momentum for the sales of a wide range of the Paper & Paper Products. Sensing opportunity, Rainbow Papers is installing a 350 TCD paper plant (PM 8), at their existing location. This paper plant will come into production by the last Qtr of 2010-2011. The addition of capacities through PM 7 and PM 8 will enable Rainbow Papers to become a strong player nationally within a short period. Rainbow Papers are also adding a 30 MW Captive Thermal Power Plant that will enhance the captive power capacities to 45 MW and make the company self-reliant for Power in the near future. The company has successfully raised \$27 million (Rs. 121 crore) through a GDR issue in the Year 2009-10. It has also raised a debt of Rs. 200 crore through a consortium of banks to finance its Rs. 327 crore expansion program.

Such expansions, will contribute to substantially better financial performance for the fiscal year 2010-11. These enhanced capacities will enable increased production and sales, contributing to improved performance of Company over the FY 2010-11. With the above set of expansions and activities, RAINBOW PAPERS expect to achieve sales of Rs. 493 crores, growth of 73.59%. EBITDA growth will be equally strong, with growth of 83.66%, touching Rs. 125 crores for the FY 2010-11.

### Financials at a Glance:

Rs In Lacs	Qtr Ended (3 mnths)			FY Ended (12 mnths)		
	31.03.2010	31.03.2009	% Growth	31.03.2010	31.03.2009	% Growth
<b>Net Sales</b>	10946.98	5148.12	<b>112.64%</b>	28427.67	23331.20	<b>21.84%</b>
<b>EBIDTA</b>	2480.20	1737.80	<b>42.72%</b>	6806.41	5241.72	<b>29.85%</b>
<b>Profit Before tax</b>	1468.48	476.14	<b>208.42%</b>	3118.08	1690.09	<b>84.49%</b>
<b>Cash Profit</b>	1894.42	1178.64	<b>60.73%</b>	5179.08	4158.20	<b>24.55%</b>

#### About RAINBOW PAPERS:

Rainbow Papers today is one of the fastest growing corporations in the Indian Paper Industry. Not only that, it has marked its presence in the global market and is currently exporting its products to various countries in the US, Middle East, South Africa, South East Asia and U.K. We offer a plethora of world class products ranging from Duplex to File Board, from writing paper to Art Card and from packaging and Electric grade crepe to Decorative tissues crepe, which has given us a good recognition amongst our users who thirst for better and new products. The Company, with its recent and forthcoming capacity expansions, will consolidate its standings as one of the leading Paper mfg. companies in the country.

**Disclaimer :** Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential product characteristics and uses, product sales potential and target dates for product launch are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors.