

Rainbow Papers Ltd

Investor Presentation
November 2011

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Consumption led demand growth in India

INDIA...

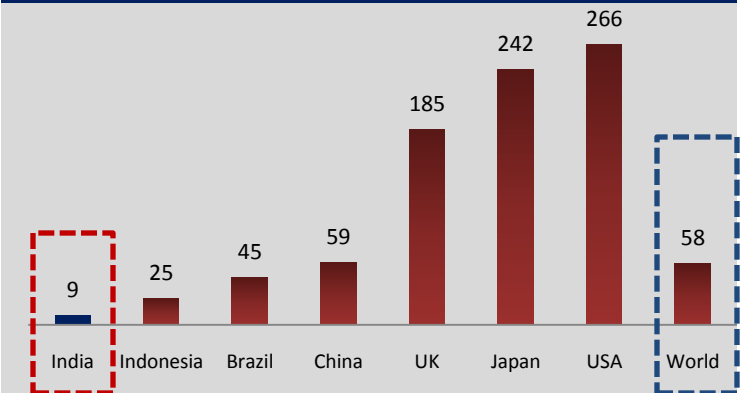
- ❑ 15th largest paper manufacturer in the world
 - One of the fastest growing market in the world
 - 15% of world population consumes only 3% of global paper production

- ❑ Low per capita consumption
 - ~ 9kg compared to world average of ~ 58kg
 - 1 kg of incremental consumption adds more than 1.2 MTPA demand

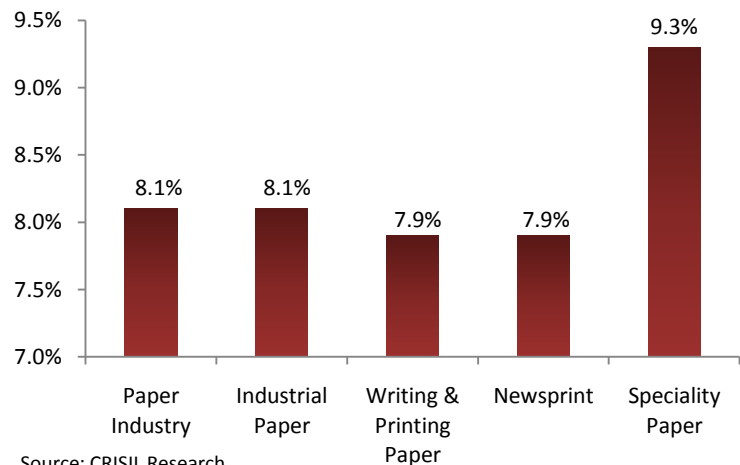
- ❑ Paper Demand poised for healthy growth of 8.1% CAGR between 2011 to 2016
 - Per Capita Demand to grow from 9 kg to 14kg

- ❑ Key Growth Drivers such as:
 - Increased Government focus on Education
 - Increased penetration of organized retail
 - Plastic replacement / Environment awareness
 - Liquid and disposable packaging
 - Outsourcing opportunities in Indian printing industry

Kg per Capita consumption in 2010



Segment wise Demand - 5 yr CAGR FY 11-16



Source: CRISIL Research

Paper industry growth mirrors India's GDP growth

Incremental growth from waste paper

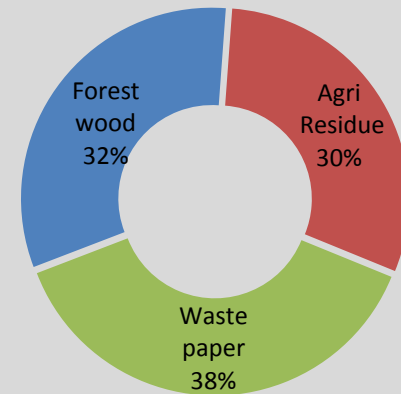
- ❑ Decline in availability of forest Resources:
 - Global warming concerns
 - Scarcity of forest wood
 - Other industrial usages of wood
 - Indian regulatory restriction on usage of incremental captive plantation

- ❑ ~ 38% of Raw Material used is waste paper
 - Waste paper share to increase in incremental paper production growth

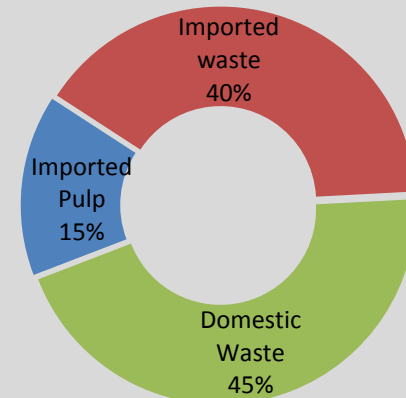
- ❑ Import of waste paper to continue as slow growth in domestic supply on account of
 - Lower paper consumption in India
 - Poor wastepaper collection mechanism
 - Multiple usages of paper before recycling

- ❑ Imported waste paper offers better quality
 - Requirement for better quality paper manufacturing

Industrial Segmentation of Raw material



Waste paper sources



Source: CRISIL Research

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Largest manufacturer of recycled based paper in India

PRODUCTION CAPACITY

- 305,000 TPA Production capacity
 - 171,000 TPA of Paperboard, Writing & Printing and Newsprint capacity
 - 134,000 TPA capacity for Valued added Specialty segment

MANUFACTURING UNIT

- Integrated Pulp and Paper plant
- Coating division
- Creping & dyeing unit
- 15MW Captive power project & another 20MW to be added by March, 2012
- Effluent treatment plant

RAW MATERIAL

- Waste Paper

PRODUCTS

- 186 varieties of diverse range of paper and paper products
 - Writing & Printing, Duplex Board, Coated and Crepe Paper, Newsprints, Red Maplitho, Green Creamwove, Bristol Paper

MARKETS

- Used in manufacturing of writing paper, magazines, brochures, newspapers, wrappers, stickers, tissue paper, decorative paper etc.
 - ~70% domestic market
 - ~30% from exports to US, Middle East, South Africa, South East Asia and U.K, Indonesia, France, Sri Lanka & Bangladesh.

Led by experienced & ambitious management

Mr. Ajay Goenka, Chairman & Managing Director

- More than 33 years of experience in paper industry
- Under his leadership, Rainbow has expanded capacity from 6,000 TPA in 1991 to 305,000 TPA in 2012
- Founder chairman of Indian Agro & Recycled Paper Mills Association, Gujarat Division

Supported by team experienced in paper industry

Executive Director

Mr. Rahul Maheshwari

Sr. VP - Finance

Mrs. Niyati Agarwal

VP - Commercial

Mr. P C Jain

VP – Power Plant

Mr. J B Suhag

VP – Product Engg. & Dev.

Mr. K C Majumdar

Intrinsic strengths makes it competitive

- ❑ Strategic Location of manufacturing unit
 - Located at 50 kms from Ahmedabad
 - Better infrastructure and good accessibility of Mundra port
 - Lower freight cost while import of raw material
 - Easy access to global market s like Middle East and Africa

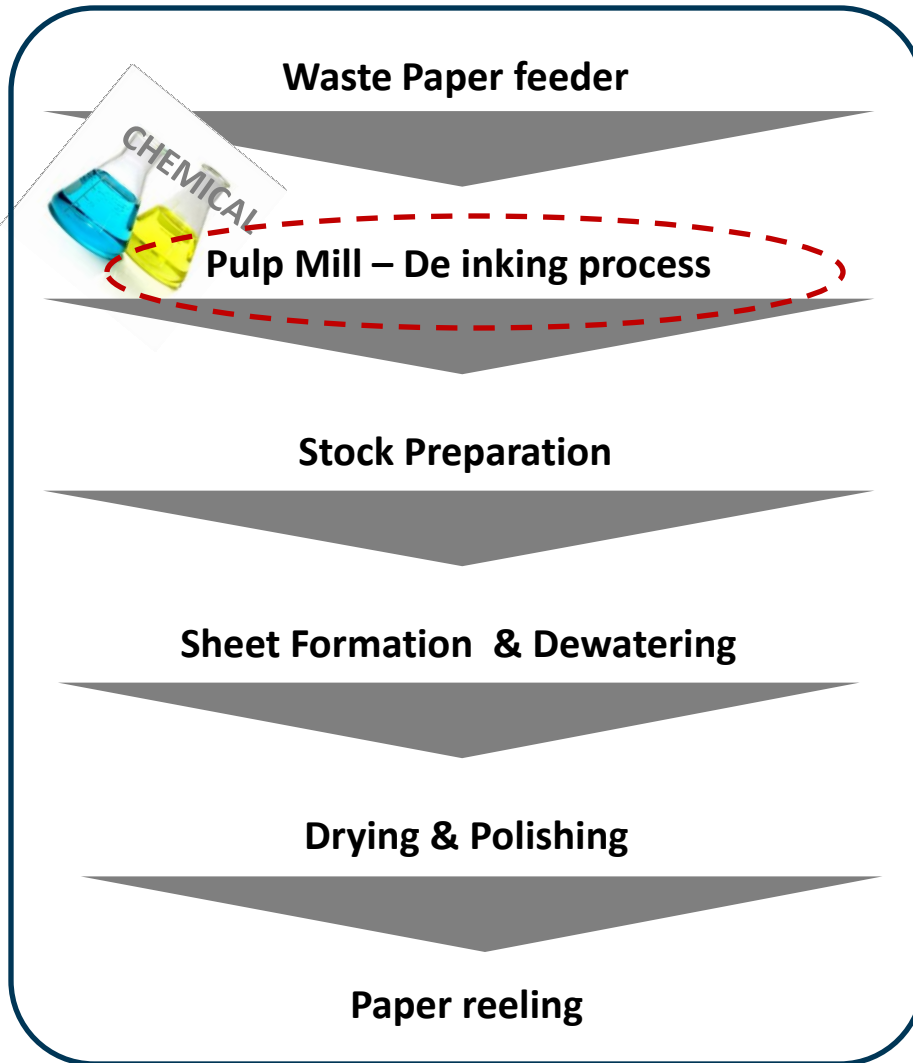
- ❑ Near zero wastage of raw material
 - Efficient plant layout and different product mix allows better utilization of raw material
 - Sludge from paper plant used as raw material in paper board
 - Improves operating efficiency and augment earning margins

- ❑ Prudent working capital management
 - Maintains near zero inventory level
 - Follows “sale and produce” policy
 - Implemented ERP to aid operational efficiency while scaling up the operations

- ❑ Accredited with certifications
 - ISO 9001 : Quality Management System
 - ISO 14001 : For Environmental Management Systems
 - OHSAS 18001 : Health & Safety Performances of Organization



De-inking technology improves quality ...



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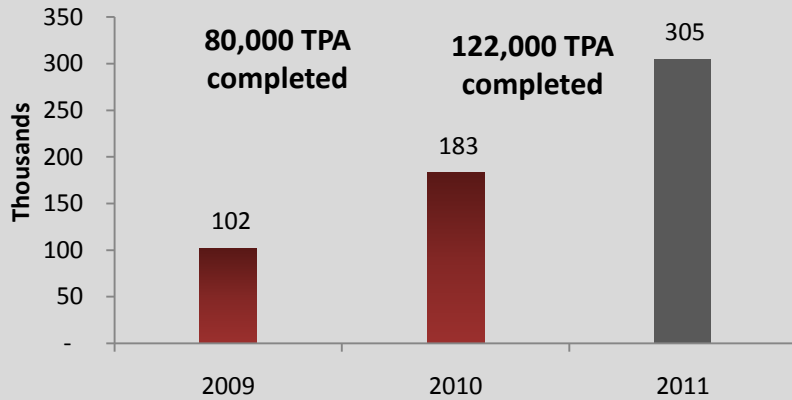
Production Capacity : Post Expansion

	PRE EXPANSION	POST EXPANSION								
PROD. CAPACITY	183,000 TPA	305,000 TPA								
PRODUCT MIX	<table border="1"> <thead> <tr> <th>REGULAR</th> <th>VALUE ADDED</th> </tr> </thead> <tbody> <tr> <td>Writing & printing Packaging Board Duplex Board Newsprint</td> <td>Coated paper Crepe Paper</td> </tr> </tbody> </table>	REGULAR	VALUE ADDED	Writing & printing Packaging Board Duplex Board Newsprint	Coated paper Crepe Paper	<table border="1"> <thead> <tr> <th>REGULAR</th> <th>VALUE ADDED</th> </tr> </thead> <tbody> <tr> <td>Writing & printing Packaging Board Duplex Board Newsprint</td> <td>Glazed newsprint LWC Paper Non-carbon paper Thermal paper Coated Paper Crepe Paper</td> </tr> </tbody> </table>	REGULAR	VALUE ADDED	Writing & printing Packaging Board Duplex Board Newsprint	Glazed newsprint LWC Paper Non-carbon paper Thermal paper Coated Paper Crepe Paper
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REVENUE FROM WASTE	NIL	Brick from Ash Plastic sheet from plastic waste Boards from Sludge								

In Q2 FY2012 PM8 with 122,000 MT Capacity Installed

Capacity expanded to 305,000 TPA ...

Capacity Expansion in two Phases



Phase -1 : 80,000MT

- Integrated pulp & paper plant of 80,000 TPA
 - Manufactured by Voith, Germany
 - De-inking plant
- Commissioned the plant in Q3 FY 2010
- Capital Outlay of Rs 3,050 million
 - Funded through Debt & Internal Accruals
- Producing W&P, Newsprint & Value added
 - Commenced trial run of value-added products

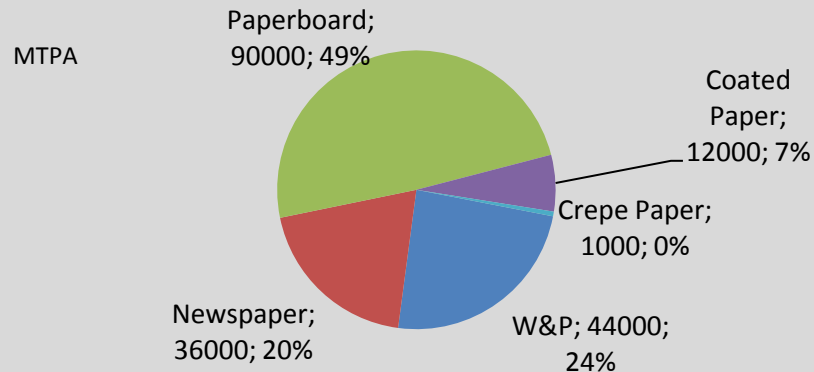
Phase -2 : 122,000MT

- Integrated pulp & paper plant of 122,000 TPA
 - Manufactured by Voith, Germany
 - De-inking plant & 20 MW captive power plant
- Installation completed in Q2 FY 2012
- Capital Outlay of Rs. 3,270 millions
- To produce value added products like
 - Thermal, Coated, Non-carbon, Glazed, Light weight

Rs. 31,300 - Effective capital outlay / MT

Strengthening Marketing Network ...

Pre-expansion Product mix



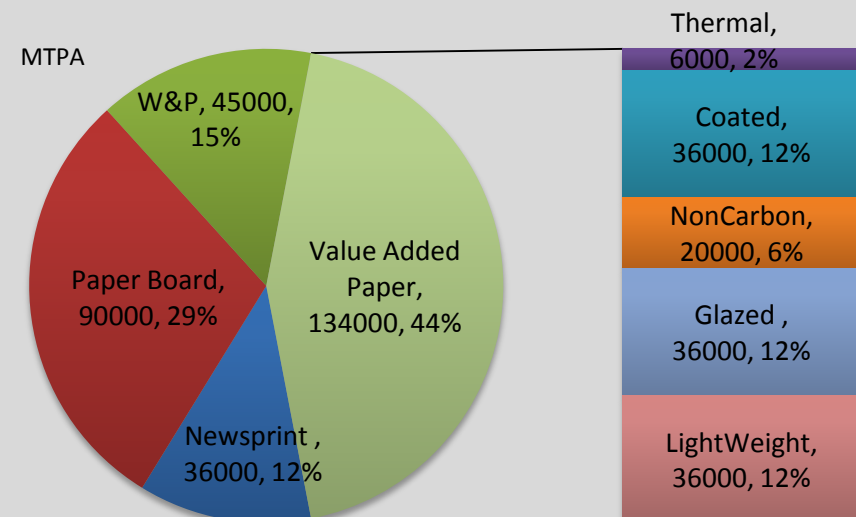
Strengthening marketing network by

- Expansion of sales force
- Building new relationships with newspaper and magazine publications
- Pan India expansion of dealer network

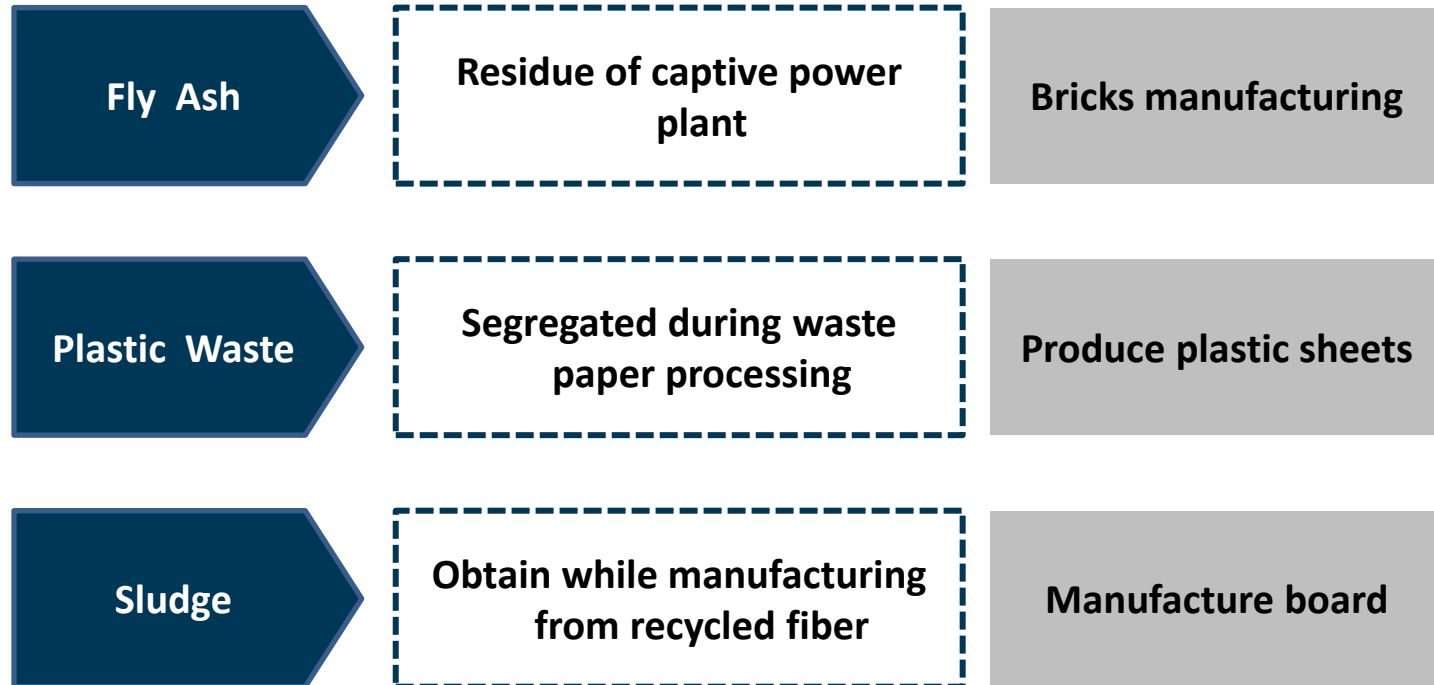
Leveraging existing network & relationships

- Network of more than 60 dealers, spread largely across Maharashtra, Gujarat and central India
- Reputed client base of newspaper publications, FMCG companies etc.
- Participation in tenders from state education boards and other Government bodies.
- Presence in International Markets like US, Middle East, South Africa, SE Asia & U.K

Post-expansion Product mix



Innovative usage of By - Products



Environmental friendly Usage of waste adds to bottom line

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Profit & Loss – Quarterly Highlights

Rs. Million	Q2 FY12	Q1 FY12	QoQ	Q2 FY11	YoY
Sales (MTPA)	35,517	34,417	3%	31,167	14%
Net Revenue	1,132.9	1,054.5	7%	878.3	29%
Realisation / kg	31.9	30.6	4%	28.2	13%
Raw Material	584.4	557.8		411.0	
Employee Expenses	35.9	34.7		27.9	
Other Expenses	260.8	251.5		209.1	
EBITDA	251.8	210.5	20%	230.4	9%
EBITDA Margin	22.2%	20.0%		26.2%	
EBITDA /Kg	7.1	6.1	16%	7.4	-4%
Other Income	-	-		(0.1)	
Interest	87.8 @	49.7		43.6	
Depreciation	64.2	63.2		70.2	
Exceptional Item	(0.0)	0.5		(0.5)	
PBT	99.9	97.1		116.0	
Tax *	-	-		-	
PAT	99.9	97.1	3%	116.0	-14%
PAT Margin	8.8%	9.2%		13.2%	

* Including MAT Credit Entitlement

@ Includes Forex Restatement loss of Rs. 22.7mn in Q2FY12 for working capital loan

Profit & Loss – Half Yearly Highlights

Rs. Million	H1 FY12	H1 FY11	YoY	FY11
Sales (MTPA)	69,934	65,978	6%	137,307
Net Revenue	2,187.3	1,842.2	19%	3,949.9
Realisation / kg	31.3	27.9	12%	28.8
Raw Material	1,142.2	904.8		1,881.0
Employee Expenses	70.5	53.7		110.1
Other Expenses	512.3	445.6		1,067.5
EBITDA	462.3	438.0	6%	891.3
EBITDA Margin	21.1%	23.8%	-11.1%	22.6%
EBITDA /Kg	6.6	6.6		6.5
Other Income	-	-		0.3
Interest	137.5 [@]	87.0		158.5
Depreciation	127.4	138.8		278.0
Exceptional Item	(0.5)	(0.5)		0.0
PBT	196.9	211.8		454.4
Tax *	-	-		83.4
PAT	196.9	211.8	-7%	371.0
PAT Margin	9.0%	11.5%		9.4%

• Including MAT Credit Entitlement

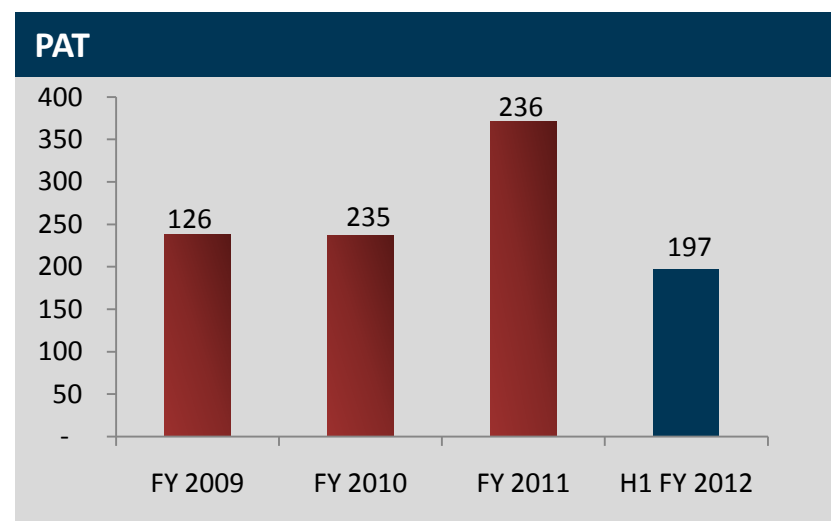
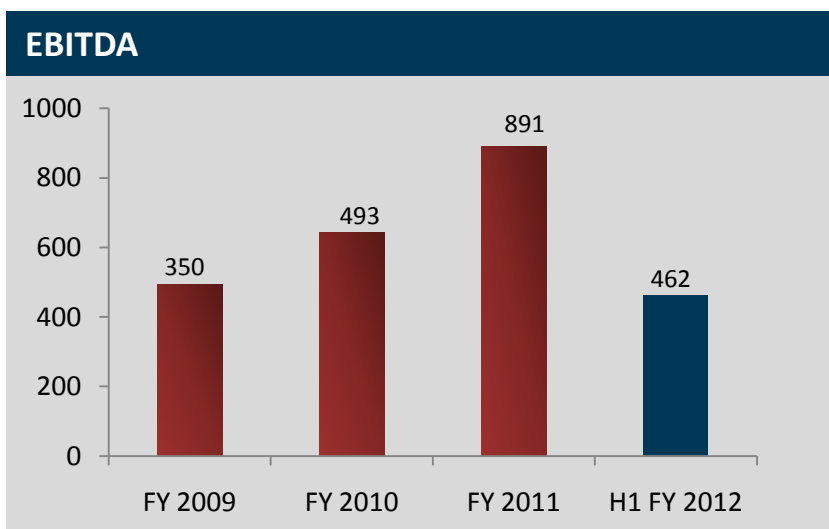
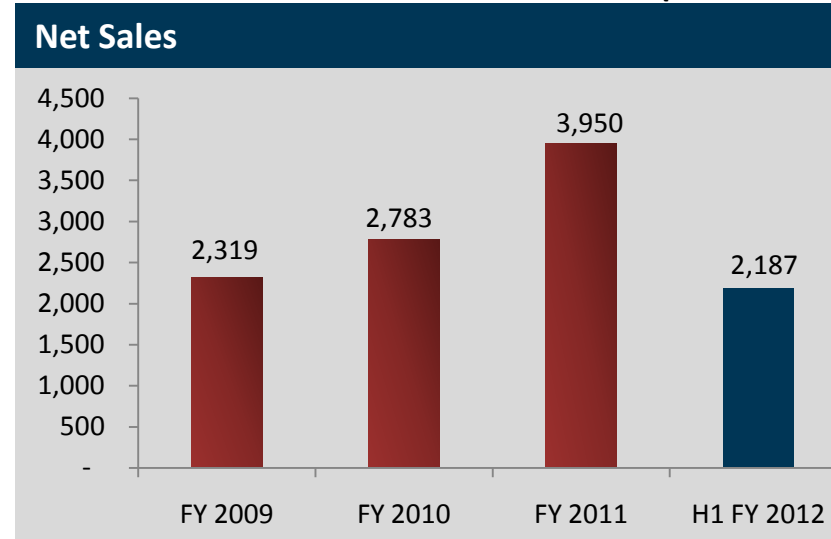
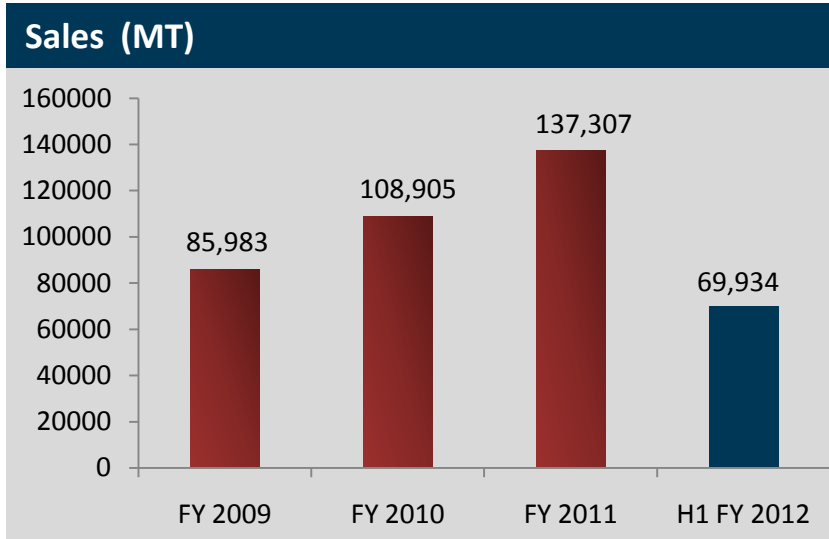
@ Includes Forex Restatement loss of Rs. 22.7mn in H1FY12 for working capital loan

Balance Sheet – Highlights

Rs. Million	Sep 2011	Mar 2011
Fixed Assets		
Gross Block	4,286	4,219
Less: Depreciation	1,408	1,281
Net Block	2,878	2,938
Capital WIP	3,795	2,908
	6,672	5,846
Working Capital		
Inventory	712	496
Receivables	867	488
Cash & Bank Balance	413	765
Loans & Advances	731	514
Less: Current Liabilities & Provisions	-1,269	877
	1,454	1,387
Net Worth	3,079	2,850
Net Debt	4,426	3,408
Net Debt : Equity	1.4x	1.2x

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(Rs. Million)



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On Installation of PM8, Production capacity reached 305,000 MTPA

Exploring various options for value enhancement with a philosophy of

- Supply chain optimization at competitive cost
- Product and Market diversification to optimize margins

Currently evaluating options

- To acquire Waste collection facility in Singapore / Canada
- Acquisition of Pulping capacity in high pulp producing countries
- To set up folding duplex board plant in India
- Joint venture with local partner for sourcing and marketing in African country

Launching Consumer Products

❑ Entry into “Consumer Products”

- Notebooks
- Copier Paper
- Office Stationary

❑ Capex Outlay of Rs 25 Crores at existing plant

- Capex to be funded through internal accruals

❑ Products under “Rainbow” brand

- Branding exercise to start from H2 FY2012

❑ Initially target markets will be Gujarat, Maharashtra, Rajasthan

- Building Distributors network



Forward integration into value added products to enhance margins

For further information, please contact

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