



Rainbow Papers Limited

Investor Presentation

December, 2015

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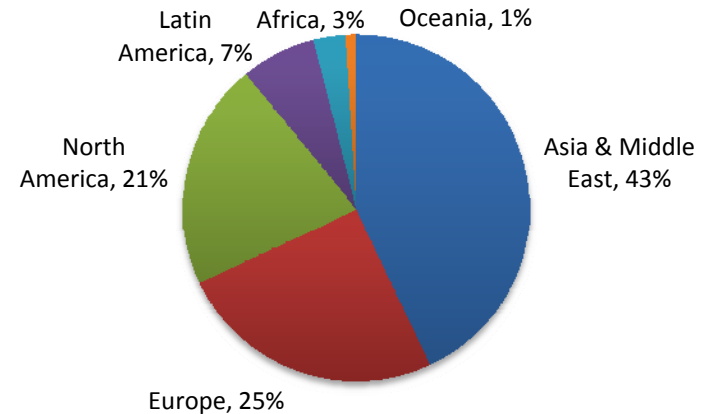
Global Paper Industry

Promising Growth in Asia

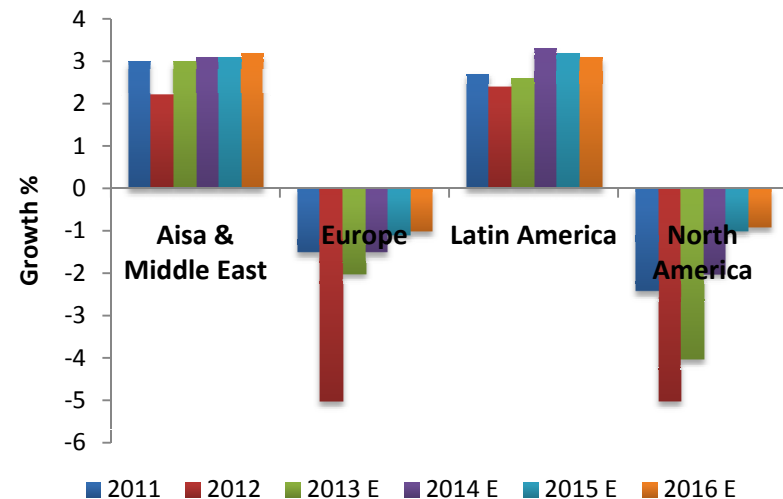
- ❑ The size of the global the paper industry is 400 mn tons and \$300 bn
- ❑ Asia & Middle East account for 43% of the industry, 172 mn tons and \$130 bn
- ❑ Asia pacific region is the biggest potential market and shows the highest growth rates
- ❑ Growth in Asia driven by – Population and Economic Growth
- ❑ Demand Drivers:

Developed Economies	Developing Economies
Hygiene (Tissue)	Education
Packaged Food	Industrial Packaging
Personal Printing	Newsprint
Photo - Sharing	Mass Marketing

Global Paper Consumption – 400 Mn. Tons



Global Growth Rates

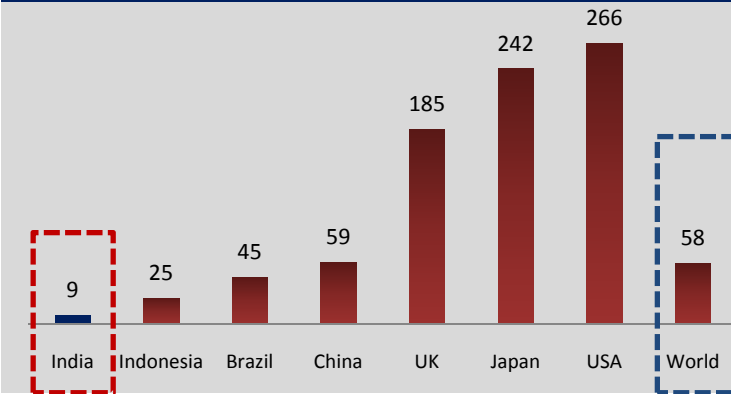


Indian Paper Industry – The Sweet Spot

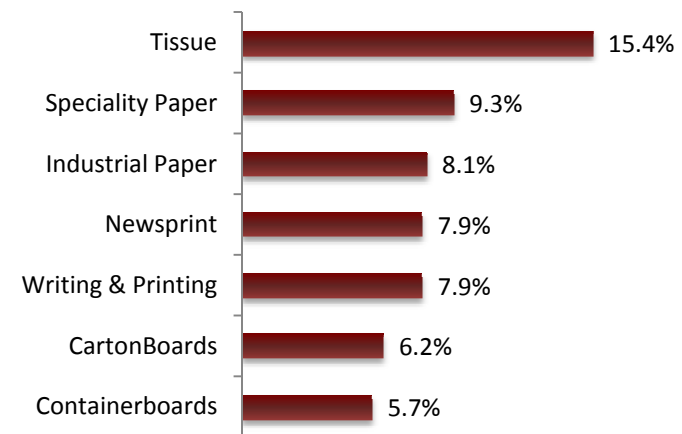
INDIA...

- ❑ Highest growth potential due to lowest per capita consumption amongst leading economies
 - ~ 9kg compared to world average of ~ 58kg
 - 1 kg of incremental consumption adds more than 1.2 MTPA demand
- ❑ 15th largest paper manufacturer in the world
 - One of the fastest growing market in the world
 - 17% of world population consumes only 1% of global paper production
- ❑ Paper Demand poised for healthy growth of 6% - 8% CAGR between 2011 to 2016
 - Demand to grow from 12 MTPA to 20 MTPA
- ❑ Potential growth areas include applications for hygiene, packaging, industrial & newsprint
- ❑ Recycled fiber based units best suited to exploit demand scenario

Kg per Capita consumption in 2010



2009 – 2020 CAGR Segment wise Demand



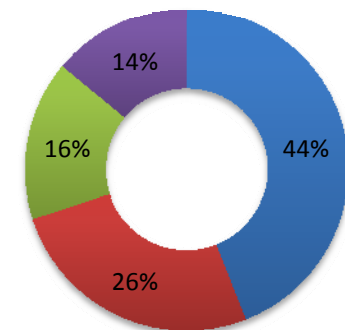
Source: CRISIL Research

Indian Paper Industry – Structure

INDIA...

- ❑ Recently included in the “Sunrise” Sector
- ❑ 80% capacities of small and medium units of less than 33,000 TPA capacity.
 - Majority of demand fulfilled by large players
- ❑ Imminent closure of small mills due to regulatory overhaul
 - Inefficient operations in smaller capacities
 - Outdated infrastructure
- ❑ Shift of capacities to larger organized players
 - Expansion projects undertaken by top 6 players
- ❑ Entry Barriers:
 - Large Capex Costs
 - Long Gestation periods
 - Strict Environmental Compliances
 - Scarcity of Land, Water, Electricity and Fuel
 - Economies of Scale
 - Requirement of Modern Technology
 - Limited availability of wood based fiber

Large and Small mills in 2009



■ Upto 7,500 TPA ■ 7,501 - 16,500 TPA
■ 16,501 - 33,000 TPA ■ > 33,000 TPA

Land Availability for forest resources

(In million hectares)	2001	2006
Demand from Industrial Segment	73	82
Output from Forests	12	12
Plantations	47	53
Deficit	14	17

Source: CRISIL Research; Ministry of Environment and Forests

Indian Paper Industry – Use of Recycled Fiber



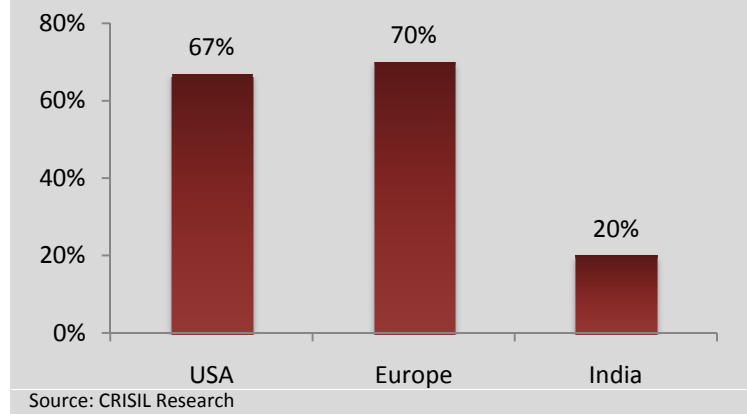
Recycled Paper – The Prudent Choice

- ❑ Recycled paper constitutes nearly 1/3rd of the Indian paper industry
 - Waste paper share to increase in incremental paper production growth
- ❑ India – one of the largest importer of recycled fiber from the North America
 - Poor wastepaper collection mechanism
 - Multiple usages of paper before recycling
 - Imported waste paper offers better quality
- ❑ Acute land shortage
 - 17% of world population lives on 3% of land space
- ❑ Limited local supply of wood pulp as much of the arable land is used for agriculture.
- ❑ Emphasis of Government on food security – thus more land being used for agriculture

Virgin v/s Recovered Fiber for 1 ton of Paper

for 1 ton of paper	100 % Virgin Fiber	100 % Recovered Fiber	Savings (Per ton)
Wood Use	3 tons	0 tons	3 tons (24 trees)
Total Energy	38 Mn. BTU's	22 Mn. BTU's	17 Mn. BTU's
Greenhouse Gases	5690 lbs of CO ₂	3582 lbs of CO ₂	2108 lbs of CO ₂
Wastewater	19075 gallons	10325 gallons	8750 gallons
Solid Waste	2278 lbs	1155 lbs	1124 lbs

Recovery Rates – Scope for IMPROVEMENT



Globally approx 50% of fiber source is through recycled paper

Indian Paper Industry – The Opportunities



INDIA...

- ❑ Demographic advantages
 - 1.5% absolute growth in population
 - 2.5% growth in urban population

- ❑ Increased focus of Govt. on education
 - Sarva Sisksha Abhiyaan (SSA) – Total expenditure of USD 12 Billion upto FY 13
 - Right To Education (RTE) Act passed in 2009 – 215,000 new educational institutes to open by 2015

- ❑ Restrictions on use of Plastics in packaging
 - Ban on use of plastic packaging in certain segments

- ❑ Increased Living standards
 - 9% increase in disposable income
 - Consumerism and Organized Retail
 - Lifestyle changes and media growth

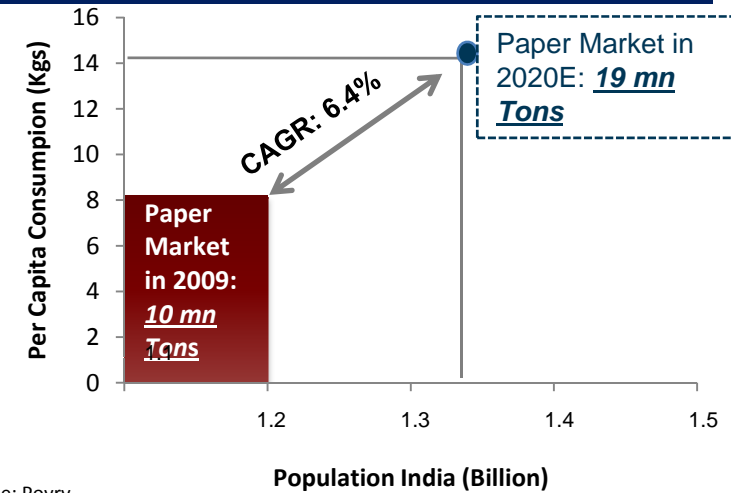
- ❑ Increasing promotion, direct advertising and direct mailers

- ❑ Print, Publishing Outsourcing

Changing Packaging Patterns

Product	Conventional Packaging	Current Packaging
Milk, Juices, Beverages	Glass	Tetra Paks
Edible Oils	Tin Containers	TetraPaks, Flexible Pouch
Processed Food	NA	Paper Boxes
Tobacco Products	Plastic Sachets	Paper Sachets
Tea / Coffee Cups	Glass, Plastic	Paper Cups
Offline / Online Retail	Plastic Bags	Paper Bags, Paper Boxes

Paper market potential in India ('09–'20)



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Largest manufacturer of recycled based paper in India



PRODUCTION CAPACITY

Product	Licensed Capacity	Installed Capacity
Paper	470,000 MTPA	359,100 MTPA
Power	50 MW	35 MW

MANUFACTURING UNIT

- Integrated Pulp and Paper plant
- De - inking Facilities
- 35 MW Captive Co-Gen Power Plant
- Effluent treatment plant

RAW MATERIAL

- Waste Paper and Pulp

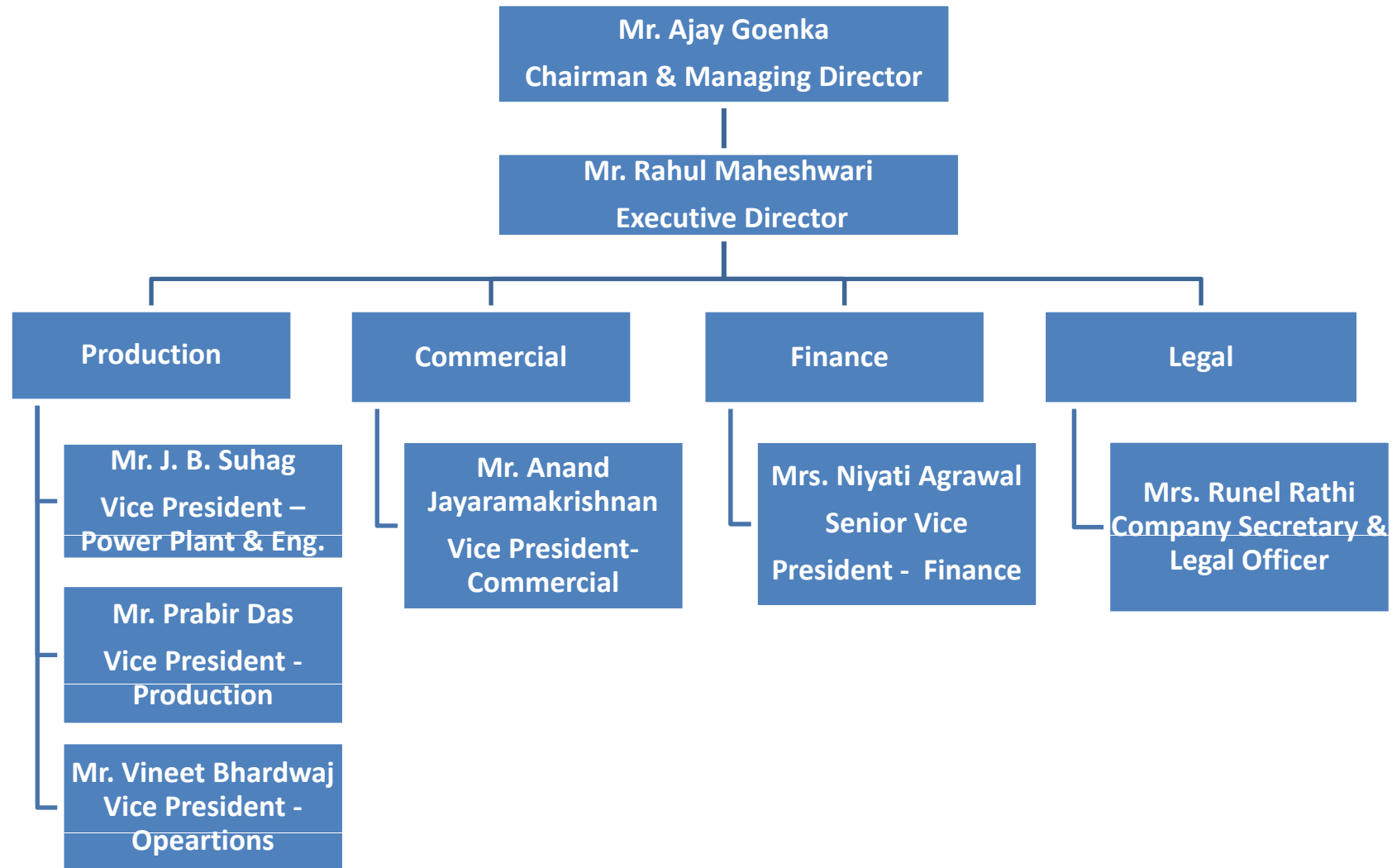
PRODUCTS

- 186 varieties of diverse range of paper and paper products
 - o Writing & Printing, Coated Paper & Board, Coated and Crepe Paper, Newsprints, Specialty, Glazed News Print, Light Weight, Colour Kraft, Paperboard, Notebooks, Copier Paper

MARKETS

- Used in manufacturing of writing paper, magazines, brochures, newspapers, food& liquid packaging, industrial paper, tissue etc
 - o ~70% domestic market
 - o ~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



Intrinsic strengths makes it competitive

- ❑ Strategic Location of manufacturing unit
 - Located at 40 kms from Ahmedabad
 - Plant Location – Kalol - Mehsana Highway
 - Better infrastructure and good accessibility to Mundra port
 - Lower freight cost while import of raw material
 - Easy access to global market s like Middle East and Africa

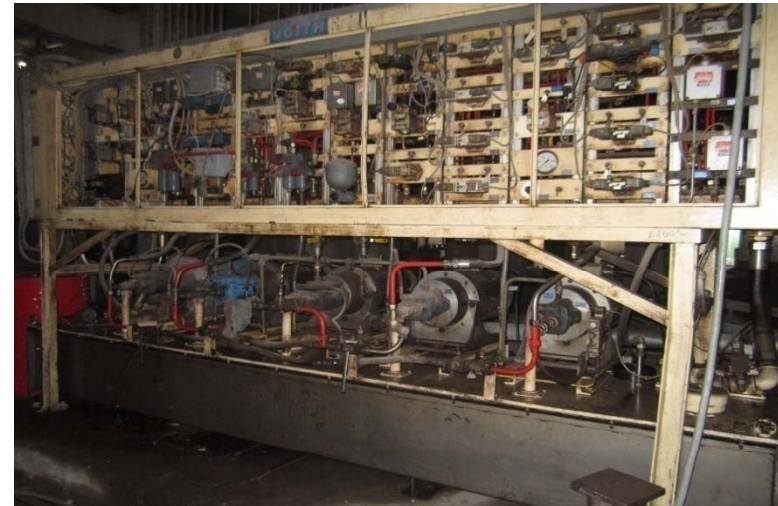
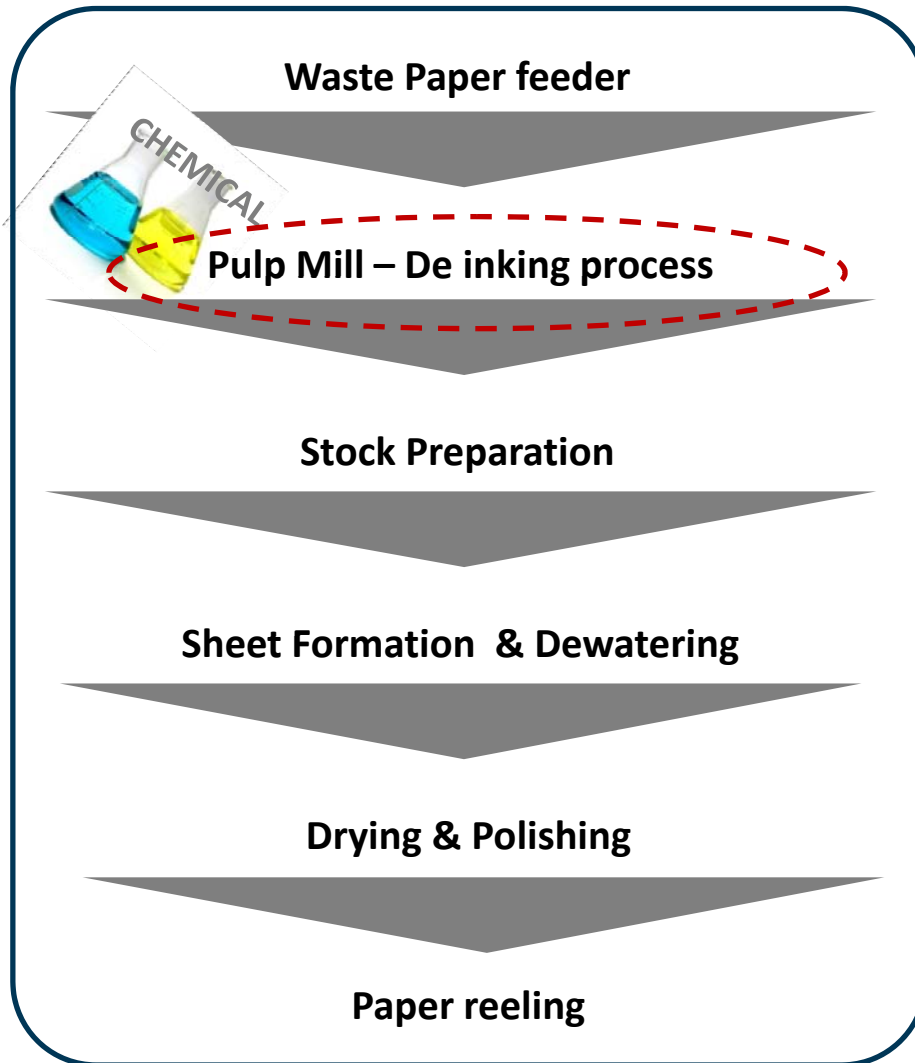
- ❑ Near “Zero Discharge”
 - Efficient plant layout and different product mix allows better utilization of raw material
 - Sludge from paper plant used as raw material in paper board
 - Improves operating efficiency and augment earning margins

- ❑ 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

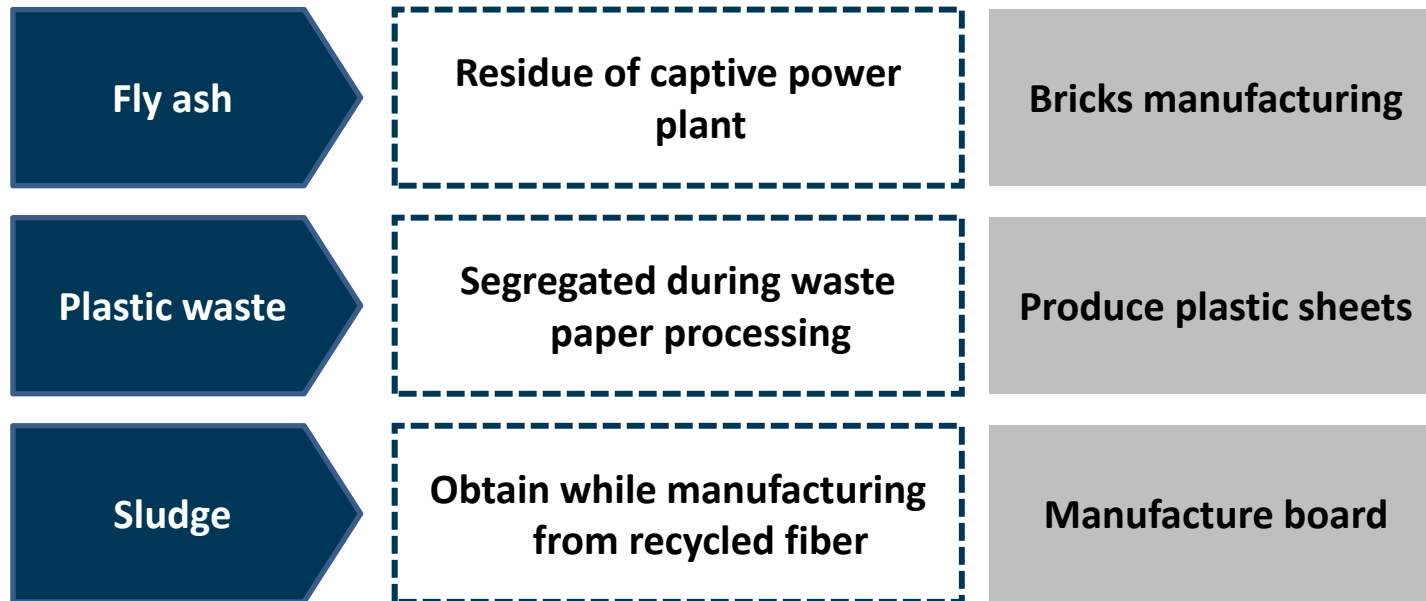
- ❑ Accredited with certifications
 - ISO 9001 : Quality Management System
 - ISO 14001 : For Environmental Management Systems
 - OHSAS 18001 : Health & Safety Performances of Organization
 - FSC – CoC: Forest Steward Council – Chain of Custody
 - Star Export house by Director General of Foreign Trade



De-inking technology improves quality ...



Innovative ideas & approaches towards productive usage of by products



Waste adds to bottom-line with marginal production cost and also, eliminate problem of waste disposal

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Consolidated P & L (Audited)

Rs. Crores	FY 2015	FY 2014	FY 2013	FY 2012
Total Income from Operations (Net)	1138.4	1,134.2	900.0	603.5
EBITDA	145.9	187.21	136.4	109.4
Interest	70.6	67.5	36.7	29.12
Depreciation	38.9	47.8	26.6	25.7
Tax **	(18.66)	9.7	12.1	8.52
PAT	55.2	62.1	61.1	46.05
PAT Margin	4.8%	5.5%	6.75%	7.6%

** - Including MAT Credit Entitlement and Deferred Tax

Consolidated Balance Sheet Highlights

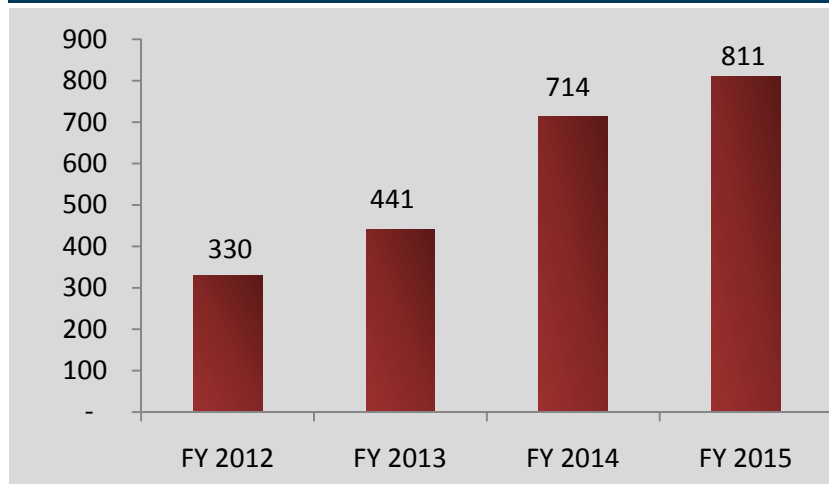
Rs. Crores	FY 2015	FY 2014	FY 2013	FY 2012
<i>Networth</i>	811*	714*	442	330
<i>Long Term Borrowings</i>	428	666	575	457
<i>Long Term Export Advance</i>	333	-	-	-
<i>Short Term Borrowings</i>	195	147	121	124
<i>Net Fixed Assets (incl. CWIP)*</i>	1543	1,383	984	695
<i>Inventory</i>	178	121	81	82
<i>Receivables</i>	271	221	202	87
<i>Cash & Bank balance</i>	57	20	18	42

* Includes revaluation reserve of Rs.210 crore

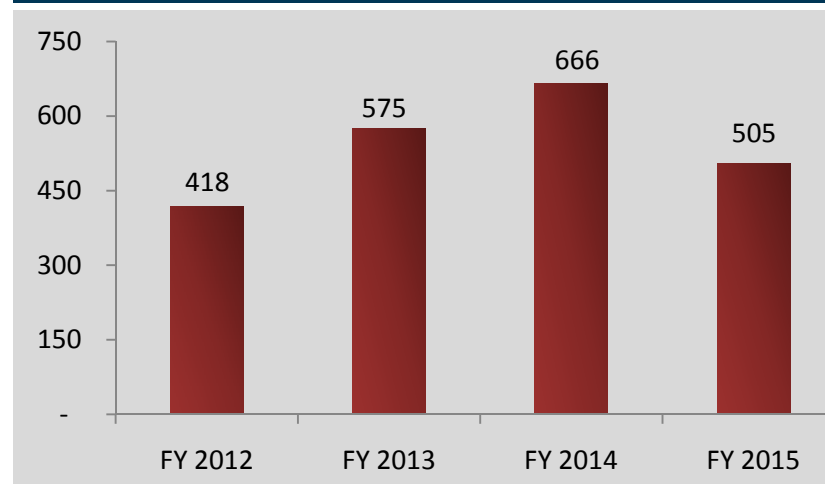
Financial Highlights

(Rs. Crores)

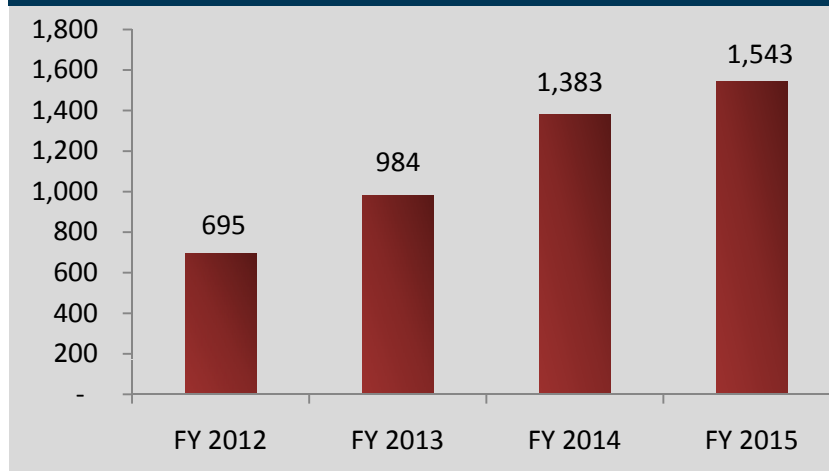
Net worth*



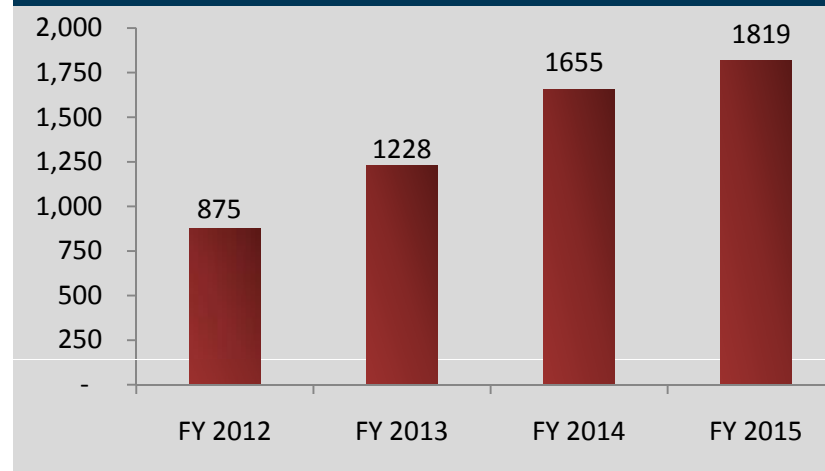
Long term Borrowing



Gross Fixed Assets (Incl. Capital WIP)



Capital Employed



* Includes revaluation reserve

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Present Production Capacity of **359,100 TPA**

Exploring various options for value enhancement with a philosophy of

- Forward Integration into value added products
- Supply- Chain Optimization with “Just-In-Time” inventory management

Currently evaluating options

- Acquisition of Waste – Collection and Pulping capacity
- To set-up representation and distribution of International Brands in Paper Industry
- Joint venture with local partner for sourcing and marketing in MENA region

Awards

- **Shram Ratna Award** was given to one employee of the Company and three employees were awarded **Prashansapatra** for 2014 by Department of Labour Ministry, Government of Gujarat.
- “Excellence Award for Best Boiler House Operator” in Gujarat State SteamTech has been awarded to one of our employees Mr. Anil K. Patel.
- We have been awarded Quality Mark Awards 2014 under the category Gujarat Pioneer Industries.
- The company is awarded Certificate of Appreciation and Certificate of Honour for best Safety Performance for 2014 by Gujarat Safety Council & Directorate of Industrial Safety & Health Government of Gujarat.
- Awarded as Emerging Corporate in Manufacturing Sector by SME. Rainbow has been ranked as 438 under BW Real 500 rank in Special Issue of Business world dated 17th November 2014. We were ranked as 451 in 2013.



**Join hands with us to create a better world,
Save the Environment!!... Use Recycled Paper**