



There is no finish line

Ruchira Papers Limited | Annual Report 2018-19

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Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

The paper used for printing this Annual Report is manufactured by Ruchira Papers.

There is no finish line



At Ruchira Papers, 'There is no finish line' is not just another statement.

It represents the foundation of our business model.

Indicating that in our pursuit of excellence, the journey is indeed endless.

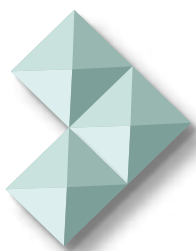
Where improvements are made continuously.

Where the business is sustainably strengthened.

Where more is extracted from less.

The result of this commitment is that the Company has serviced a larger spread of customers, reported a profit for every single year in the last decade, enhanced shareholder value and reinforced its positioning as a responsible corporate citizen.

The world of Ruchira Papers Limited



Our numbers

Revenues (₹ Crores),
FY18-19

493.99

PAT (₹ Crores), FY18-19

40.24

EBITDA margin (%),
FY18-19

16.62

Enterprise Value,
March 31, 2019 (₹ Crores)

281.10

Promoters' holding
(March 31, 2019)

64.07%

Institutional holding
(March 31, 2019)

0.68%

Team size

1007

Contribution to social
uplift, FY18-19 (₹ Lakhs)

66.92

Values

Honesty: To be principled, straightforward and fair in all dealings.

Integrity: Maintaining the highest standards of professionalism.

Flexibility: Adapting ourselves to always stay a step ahead of change.

Respect for the individual: Giving each person room to contribute and grow.

Respect for knowledge: To acquire and apply leading edge expertise in all aspects of our business.

Team performance: The team comes first; none of us is as good as all of us.

Legacy

Ruchira Papers Limited started the business of paper manufacturing in 1980. The Company was promoted by Mr. Umesh Chander Garg, Mr. Jatinder Singh and Mr. Subhash Chander Garg, who are associated with the Company. The Company commenced operations with production capacity of seven tons per day (TPD) of kraft paper in 1983. In 2006, the Company diversified into the manufacture of writing & printing paper through a new plant at Kala-Amb (H.P.) adjacent to its kraft paper unit, starting commercial production in 2008 with capacity of 100 TPD.

Facility

The Company's state-of-the-art manufacturing facility is based in Kala Amb, Himachal Pradesh, on the Chandigarh-Dehradun highway.

Certified

The Company's robust processes have been recognised and accredited with an ISO 9001:2015 certification and FSC Certification, assuring customers of a compliance with quality management norms.

Listing

The Company is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). The Company's market capitalisation stood at ₹253 Crores as on 31st March, 2019.

Products

Ruchira Papers manufactures and markets kraft paper as well as writing & printing paper. The Company is a prominent player in these segments in Northern India. The Company's writing & printing paper finds application in note books, writing material, wedding cards, shade cards, children's colouring books, copier paper and bill books. The Company's kraft paper is used widely in the packaging industry especially in the fabrication of corrugated boxes and other packaging material.

Products

Writing and printing paper & kraft paper

Our product basket

Raw materials for writing and printing paper comprise agriculture residue i.e. wheat straw, baggase and sarkanda, imported softwood pulp and other fillers and raw materials for kraft paper comprise waste paper (Indian and Imported) and agriculture residue like bagasse, wheat straw and sarkanda).

Applications of writing and printing paper: Notebooks, writing material, spiral notebooks, wedding cards, shade cards, children's coloring books, colored copier paper and bill books are driving the demand for this product.

Applications of kraft paper: Corrugated boxes/cartons and for other packaging products like textile tubes and paper core-pipes.

Writing and printing paper

Brand	Variants	Colors	GSM	Brightness	Usage
Kora	White Lined: Hindi/Eng/Math/Science	–	54-160 GSM	+88%	● Writing & printing ● Notebooks ● Textbooks ● Stationery ● Note pads ● Resisters ● Base paper for thermal coating ● Rolls for fax ● ATM ● POS and bar coding ● Tray mats
Safeda	Super White	–	54-160 GSM	+90%	● Writing & printing ● High quality notebooks ● Textbooks ● Stationery ● Note pads ● Registers ● Children's books ● Diaries and calenders
Tarang	Coloured	● Lemon ● Mint ● Rose ● Sky ● Ivory	70, 75, 80 GSM	+85-90%	Multipurpose copier paper for writing and printing, Executive Range
Mela	Coloured	● Lemon ● Mint ● Rose ● Sky	49-160 GSM	–	● Multipurpose colour printing ● Bill books ● Brochures ● Leaflets ● Advertising material ● Spiral note books ● Bill books ● Hand bills ● Scrapbooks ● Lottery tickets
Savera	Super White	–	58-160 GSM	+92%	● Writing & printing ● High quality notebooks ● Textbooks ● Stationery ● Note pads ● Registers
Karigar	White	–	90-160 GSM	+85%	● Writing & printing ● High bulk ● Drawing sheets ● Cards ● Notes ● Labels
Gehua	Natural	–	54-160 GSM	+73-76%	● Writing & printing ● Brochures ● Annual reports ● Diaries ● Paper bags ● Envelopes
Pahari	Coloured	● Sand ● Mint ● Vanilla	70-160 GSM	–	● Print & packaging ● High quality envelopes ● Cards ● Boxes ● Paper bags

Kraft paper

Maati	Kraft Brown	–	120-200 GSM	–	● Corrugated boxes ● Paper bags ● Disposable crockery ● Ream wrappers.
Multani	Coloured Kraft	–	140-200 GSM		● Golden colour kraft ● Outer layer of corrugation boxes ● Paper bags ● High quality packaging solutions.
Khadi	Kraft Brown (DTY/POY) Ply Bond 350/450/600/800		180-450 GSM		● Tube grade ● Paper tube ● Cores ● Cones ● Composite cans ● Fibre drums.

1980

Incorporation of
our Company.

1983

Commenced
commercial
production of
Kraft Paper with
2310 tons per
annum (TPA).

1988

Production
capability
increased from
2310 TPA to 5400
TPA of Kraft Paper.

2005- 2006

- Crossed Turnover of ₹50 Crores and production of 38000 TPA of Kraft Paper.
- Awarded "Udyog Ratna" by PHD Chamber of Commerce and Industry, New Delhi.

1992- 1994

PM-02 installed
for manufacturing
of Kraft Paper and
production capability
increased to 21000
TPA of Kraft Paper.

2000

Production
capability increased
to 26400 TPA of
Kraft Paper.

2006- 2007

Issued an IPO of
₹2850 Lakhs and
listed on Bombay
Stock Exchange (BSE)
and National Stock
Exchange (NSE).

Milestones



2007-2008

Set up a new unit for manufacturing writing and printing paper with a production capability of 33000 TPA.

2012-2013

- Achieved turnover of ₹300 Crores.
- Maiden dividend declared of ₹1.00 per share.

2009-2010

Crossed a turnover of ₹200 Crores.

2015-2016

Certified for Forest Stewardship Council (FSC) Chain of Custody by Rainforest Alliance.

2016-2017

- Crossed production of 1,00,000 Tons of kraft paper as well as writing & printing paper.
- Crossed turnover of ₹400 Crores.

2017-2018

Announced a greenfield project for writing and printing paper at Chamakur Sahib in Punjab.

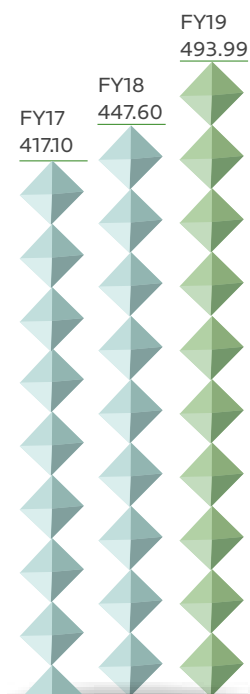
2018-2019

- Achieved production of 128831 MT.
- Achieved a turnover of ₹493.99 Crores.

How we have grown over the years



Revenues (₹ Crores)



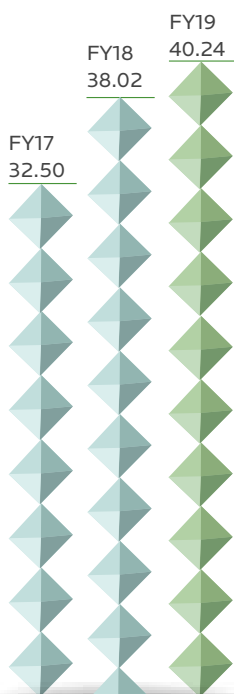
Definition
Growth in sales net of taxes.

Why this is measured
It highlights the Company's product acceptance and reach.

Performance
Aggregate sales increased by 10.36% to ₹493.99 Crores in FY18-19.

Value impact
Helped sustain business sustainability and profitability.

Profit after tax (₹ Crores)



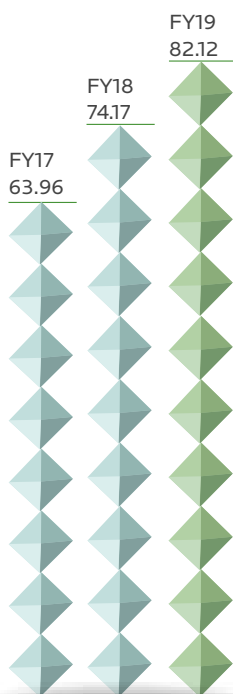
Definition
Profit earned during the year after deducting expenses and provisions.

Why this is measured
It unambiguously highlights the strength of the business model.

Performance
The Company reported a 5.84% increase in profit after tax in FY18-19.

Value impact
This ensures that adequate cash is available for reinvestment and business growth.

EBITDA (₹ Crores)



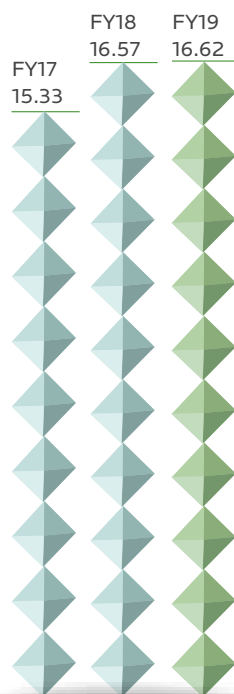
Definition
Earnings before the deduction of interest, depreciation, extraordinary items and tax.

Why this is measured
The parameter showcases the Company's ability to optimise operating costs; it presents an index for comparison with the Company's retrospective average and sectoral peers.

Performance
The Company's EBITDA for FY18-19 stood at ₹82.12 Crores.

Value impact
The cash produced by the operating business, before interest or depreciation provides a perspective on the operating competence of the Company.

EBITDA margin (%)



Definition
EBITDA margin is a profitability index used to measure a company's financial efficiency.

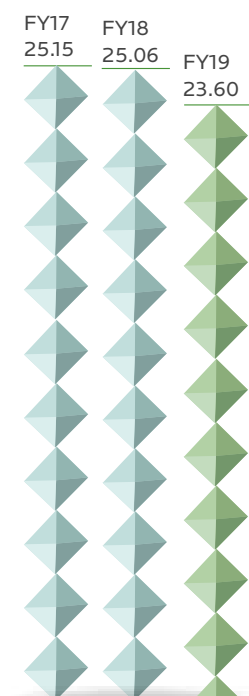
Why this is measured
The measure provides an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sale, expressed as a percentage.

Performance
The Company reported a slight increase in EBITDA margin in FY18-19, enriching its portfolio with superior products and improved efficiency.

Value impact
The measure indicates the buffer in the Company's business, which, when multiplied by scale, has helped enhance the available surplus.

RoCE

(%)

**Definition:**

This financial ratio measures a company's profitability and efficiency in deploying capital.

Why this is measured

RoCE is a useful metric for comparing profitability across companies based on the amount of capital they consume, particularly significant for capital-intensive businesses.

Performance

The measure represents an indication of prudent, yet profitable, investment that generates higher returns.

Value impact

Enhanced RoCE can drive respect and valuation.

Debt-equity ratio

(x)

**Definition**

This is the ratio of debt to net worth (less revaluation reserves).

Why this is measured

It is a measure of financial solvency.

Performance

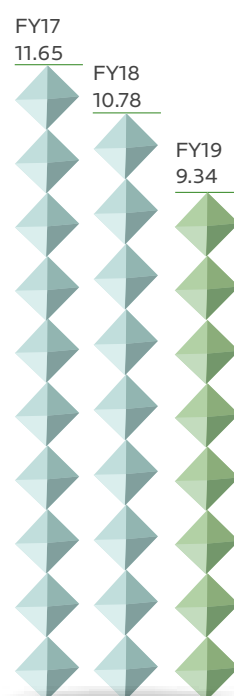
The Company sustained its gearing at a robust 0.11 in FY18-19.

Value impact

This measures enhanced shareholder value and helped moderate debt cost.

Debt-Cost

(%)

**Definition**

This represents the average cost of the consolidated debt on the Company's books.

Why this is measured

Indicates our ability to convince debt providers of the robustness of our business model, translating into a progressively lower debt cost.

Performance

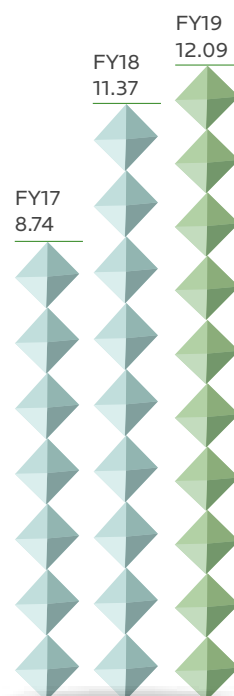
The Company's debt cost declined 262 bps across the last four years.

Value impact

This strengthened the Company's ability to service debt and enhanced the credit rating (potentially leading to successive declines in debt cost).

Interest cover

(x)

**Definition**

This is derived through EBITDA divided by interest outflow.

Why this is measured

Indicates the Company's comfort in servicing its interest obligation (the higher the measurement, the more comfortable).

Performance

The Company sustained its interest cover at an attractive 12.09 in FY18-19.

Value impact

Strengthened ability to service debt helped enhance shareholder value.



“ Life is a race, and what matters most isn't when a person crosses the finish line, but how strong they've grown along the way.”

– Jen Stephens
The Heart's Journey Home

How we generated more from **our** manufacturing capability

At Ruchira Papers, we are focused on a singular agenda: generating more from less.

This philosophy is not only confined to generating an optimal quantum of the end product from a given raw material resource; it also extends to the Company maximising output from available equipment and infrastructure.

This discipline was showcased at the beginning of the year under review.

A planned month-long shutdown was taken by the Company in the last month of FY17-18 to upgrade

its manufacturing capabilities and enhance throughput.

The result was that the Company improved its production ability in FY18-19.

The Company produced 128831 MT during the year under review, a y-o-y growth of 11.62% over the previous year.

In turn, this translated into a topline growth of 10.36% to ₹493.99 Crores during the year under review.

**Enhancing productivity.
Reinforcing sustainability.**