

RUCHIRAPAPERSLIMITED

ANNUAL
REPORT

2019/2020



Strengthening
competitiveness



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Forward-looking statement

In this Annual Report, we have presented 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.

Strengthening Competitiveness

In India's competitive paper sector, the goalpost is perpetually shifting.

This shift is marked by ongoing changes in currency rates, customs tariffs, resource costs, product applications, customer preferences and economic growth.

At Ruchira, we have addressed this dynamic environment through a complement of initiatives: projects directed at modernisation/upgradation, debottlenecking, enhanced resource yields, cost rationalisation, greater accruals use, moderated debt cost, quicker receivables and widening product range.

During the last few years, these initiatives were implemented with a singular objective: reinforce our control over realities within our operating domain.

Strengthening our competitiveness.

Pride. Pluck. Perseverance.

These make Ruchira Papers Limited a competitive paper company.

Across products, segments and market cycles.

VALUES

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

Integrity: Maintaining the highest standard of professionalism.

Flexibility: Making it a norm 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 cutting-edge expertise in all aspects of business.

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

PRODUCTS

Ruchira Papers manufactures and markets two products – 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 in the packaging industry especially in the fabrication of corrugated boxes and other packaging material.

CERTIFIED

The superior quality of the Company's products has been recognised and accredited with an ISO 9001:2015 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).

AWARDS

The Company is a respected manufacturer with a number of awards to its credit.

- Udyog Ratna Award by Himachal Pradesh in 2005
- Forest Stewardship Council certificate from Rain Forest Alliance, New York, USA
- Appreciation award from Himachal Pradesh Corrugated Box Manufacturers Association in 2009
- Certificate of Excellence from INC 500 in 2013

LEGACY

Ruchira Papers Limited started the business of paper manufacturing in 1980. The Company was promoted by Umesh Chander Garg, Jatinder Singh and Subhash Chander Garg who are still associated with the Company. The Company commenced operations with an installed capacity of seven tons per day (TPD) of kraft paper. Over the year, the Company expanded its production capabilities and produced 82453 MT of kraft paper and 51595 MT of writing and printing paper in FY19-20, making it a respected mid-sized paper manufacturer in North India.

FACILITY

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

Our products basket



Writing and printing paper

RAW MATERIALS

WHEAT STRAW
BAGGASE
SARKANDA
OTHER FILLER



APPLICATION

NOTEBOOKS
WRITING MATERIAL
SPIRAL NOTEBOOKS
WEDDING CARDS
SHADE CARDS
CHILDREN'S COLOURING
BOOKS
WHITE AND COLOURED
COPIER PAPER
BILL BOOKS



Kraft paper

RAW MATERIALS

WHEAT STRAW
BAGASSE
SARKANDA
WASTE PAPER*



APPLICATION

CORRUGATED BOXES
CARTONS
PACKAGING PRODUCTS
LIKE TEXTILE TUBES AND
PAPER CORE-PIPES

APPLICATION FOR COPIER PAPER

OFFICE AND
STATIONERY

*Indigenous and imported as per the requirement of finished products being manufactured

Products overview

Writing and printing papers

Brand	Variants	Colours	GSM	Brightness	Usage
Kora	White Lined: Hindi/ Eng/Math/ Science	-	58-160 GSM	+88%	Writing & Printing, Notebooks, Textbooks, Stationery, Note pads, Registers and Base paper for thermal coating
Safeda	Super White	-	58-160 GSM	+90%	Writing & Printing, High quality Notebooks, Textbooks, Stationery, Note Pads, Registers, Children's Books, Diaries and Calendars
Savera	Super White	-	58-160 GSM	+92%	Writing & printing, High Quality Notebooks, Textbooks, Stationery, Note pads and Registers
Karigar	White	-	90-160 GSM	+85%	Writing & printing, High bulk, Drawing sheets, Cards, Notes and Labels
Gehua	Natural	-	58-160 GSM		Writing & printing, Brochures, Annual reports, Diaries, Paper Bags and Envelopes
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 and Lottery tickets
Pahari	Coloured	sand	95 GSM	-	Print & packaging, High quality envelopes, Cards, Boxes and Paper bags

Kraft Paper

Maati	Kraft Brown	-	100-220 GSM	20-35 BF	Corrugated boxes, Paper bags, Disposable Crockery, Ream wrappers.
Multani	Kraft Coloured		100-220 GSM	20-35 BF	Golden Colour Kraft, Outer layer of Corrugation boxes, Paper bags, High Quality Packaging Solutions.
Khadi	Kraft Natural (DTY/POY) Ply Bond 350/450/600/800		180-450 GSM		Tube Grade, Paper Tube, Cores, Cones, Composite cans, Fibre Drums.

Copier Paper

Rozana	White		70/75 GSM		Multipurpose copier paper for writing and printing, Executive Range
Tarang	Coloured	Lemon Mint Rose Sky Ivory	70, 75, 80 GSM		

How we have transformed over the years

Commenced commercial production of kraft paper with 7 TPD

1983

Went into business

1980

1992-94

Installed PM-2 for manufacturing kraft paper

2005-06

Crossed the turnover threshold of ₹50 Crores

Commenced the manufacturing of writing & printing paper

2007-08

Made an Initial Public Offer of ₹2850 Lakhs; listed on NSE and BSE

2006-07

2009-10

Crossed ₹200 Crores in turnover

2012-13

Crossed ₹300 Crores in turnover
Maiden dividend declared of Re 1 per share

Crossed production of 100,000 MT (kraft paper and writing & printing paper)
Crossed ₹400 Crores in turnover

2016-17

Certified for FSC by Rainforest Alliance

2015-16

2017-18

Announced a greenfield expansion for writing & printing paper in Punjab

2019-20

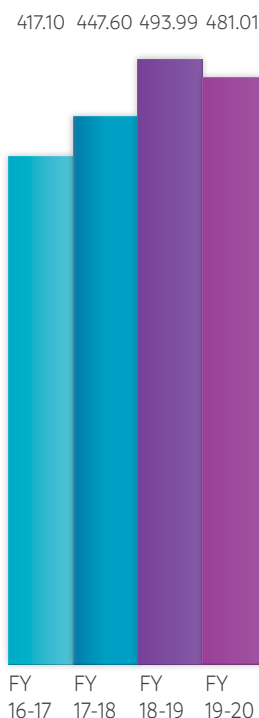
Achieved production of 134048 MT.
Achieved a turnover of ₹481.01 Crores

Embarked on a ₹44 Crores modernisation and upgradation in the writing & printing paper segment; launched white copier paper

2019-20

How we have performed over the years

Revenues (₹ Crores)



Definition

Growth in sales net of taxes.

Why is this measured?

It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

Value impact

Aggregate sales stood at ₹481.01 Crores in FY19-20 against ₹493.99 Crores in FY18-19, on account of decrease in average net sales realisation due to market sluggishness.

Profit after tax (₹ Crores)



Definition

Profit earned during the year after deducting all expenses and provisions

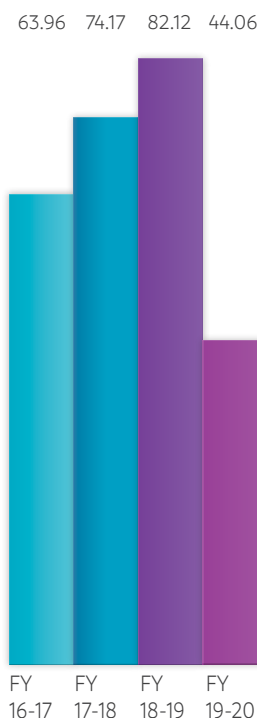
Why is this measured?

It highlights the strength in the business model in generating value for its shareholders.

Value impact

The Company reported a decline in net profit of ₹12.87 Crores in FY19-20 on account of a decline in net realisations and lower sales.

EBITDA (₹ Crores)



Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax)

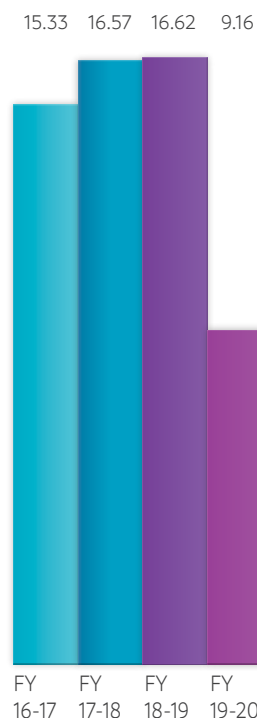
Why is this measured?

It is an index that showcases the Company's ability to optimise costs of all kinds despite inflationary pressures.

Value impact

The Company's EBITDA stood at ₹44.06 Crores in FY19-20, a decline on account of lower realisations.

EBITDA margin (%)



Definition

EBITDA margin is a profitability ratio used to measure a Company's pricing strategy and operating efficiency

Why is this measured?

The EBITDA margin provides an idea of how much a Company earns (before accounting for interest and taxes) on each rupee of sales.

Value impact

The Company reported a 746 bps decrease in EBITDA margin during FY19-20 due to a decline in net sales realisations due to sluggish demand.

ROCE (%)

25.15 25.06 23.60 10.45



Definition

It is a financial ratio that measures a Company's profitability and the efficiency with which its capital is employed in the business

Why is this measured?

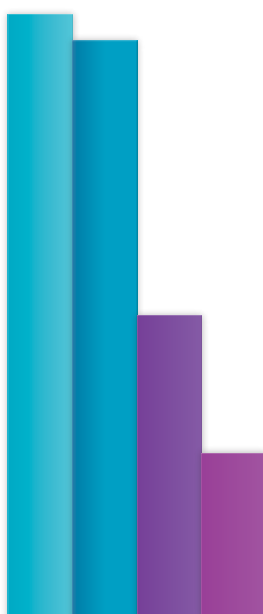
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

Value impact

The Company reported a 10.45% ROCE during FY19-20 compared to 23.60% in FY18-19 on account of a decline in net sales realisations without a corresponding cost decline.

Gearing ratio (x)

0.22 0.21 0.11 0.06



Definition

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

Why is this measured?

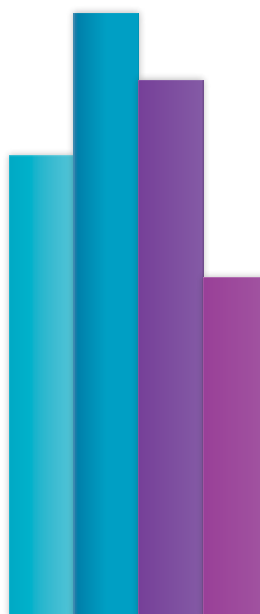
This is one of the defining measures of a Company's financial health, indicating solvency.

Value impact

The Company's gearing stood at an improved 0.06x in FY19-20 against 0.11x in FY18-19 following debt repayment and increased net worth despite prevailing challenges.

Interest cover (x)

8.74 11.37 10.14 6.42



Definition

This is derived through the division of EBITDA by interest outflow

Why is this measured?

Interest cover indicates the Company's comfort in servicing interest – the higher the better.

Value impact

The Company sustained its interest cover at an attractive level of 6.42x in FY19-20, despite the decline in profit.

Net worth (₹ Crores)

152.75 191.34 244.34 264.57



Definition

This is derived through the accretion of shareholder-owned funds

Why is this measured?

Net worth indicates the financial soundness of the Company – the higher the better.

What does it mean?

This indicates the borrowing capacity of the Company and influences the gearing (which in turn influenced the cost at which the Company can mobilise debt).

Value impact

The Company's net worth strengthened by ₹20.23 Crores during a challenging year, strengthening gearing.



Management's overview

The passion of Ruchira

Overview

We have often been asked 'What kind of a Company is Ruchira Papers?'

To say that we are a paper manufacturer does not indicate anything significant. In view of this, we decided that It would dedicate our overview this year on what we truly are and what drives us.

Governance

At Ruchira, we are a governance-committed Company. We believe that governance is not peripheral to our existence but integral. In a world that is increasingly concerned with the 'how' over the 'what', we believe that the quality of our governance is reflected in our integrity, stakeholder focus, strategic discipline, functional consistency and repeatability.

Direction

At Ruchira, we possess a strategic clarity of where we are headed. We are not driven as much by the obsession to be the largest paper company in India as much as we are driven by the zeal to be one of the best – in terms of quality, customer respect, realisations per kg and consumption of natural resources per unit of production.

Best over biggest

At Ruchira, we believe that success is derived from the best at what we can do. This is of critical relevance in the capital-intensive paper sector marked by a perception that scale is more important than scope. We believe that the most passionately run mid-sized paper company can deliver operating efficiencies better than a number of larger competitors (as in our case). As an extension of this conviction, we believe that a focus on passion-driven competence enhances asset utilisation, revenues and profitability leading to a reinvestment cycle that enhances scale. This validates what we have always