



Bilt Paper Plc  
Presentation

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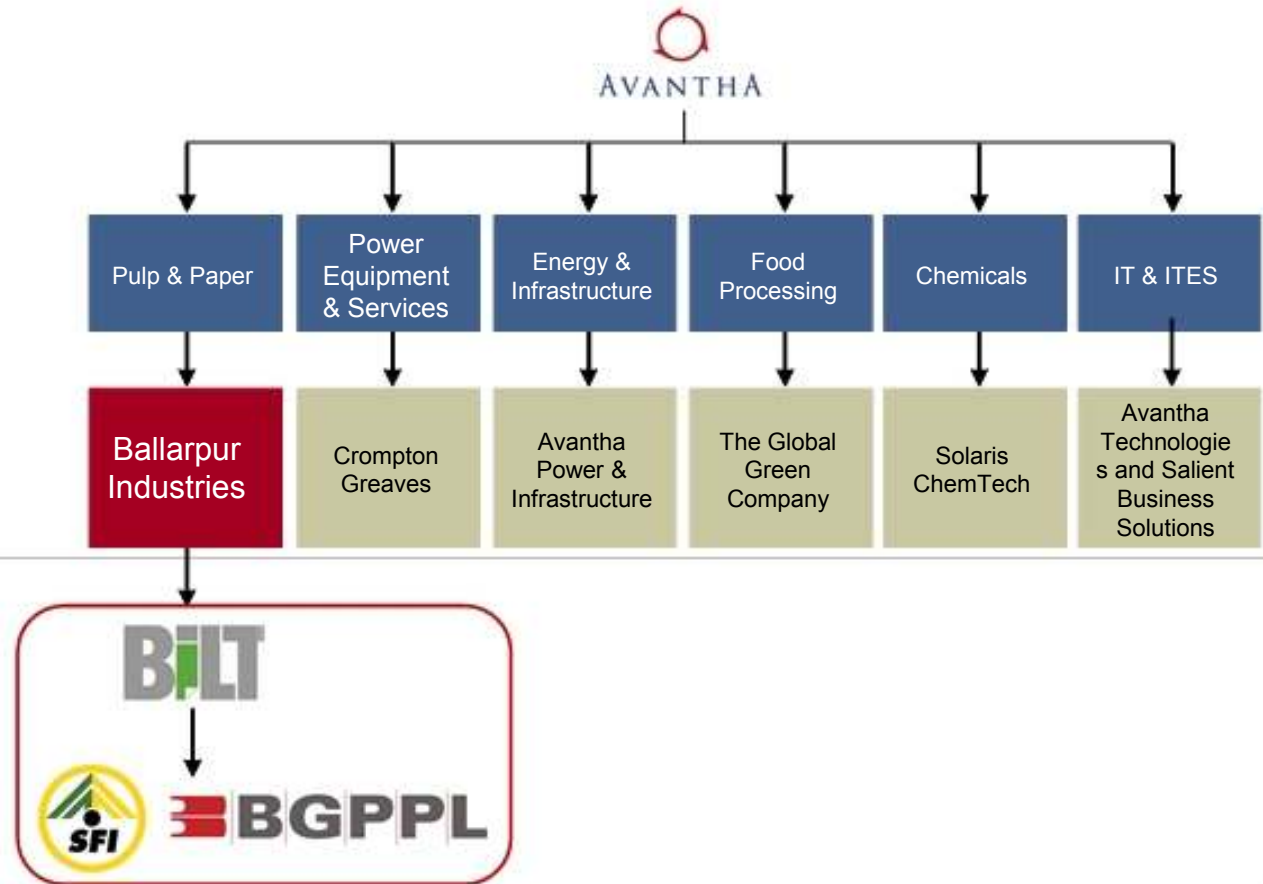
# Avantha Group - One of India's leading global industrial groups

The Avantha Group is India's pre-eminent business house with a corporate history spanning 80 years.

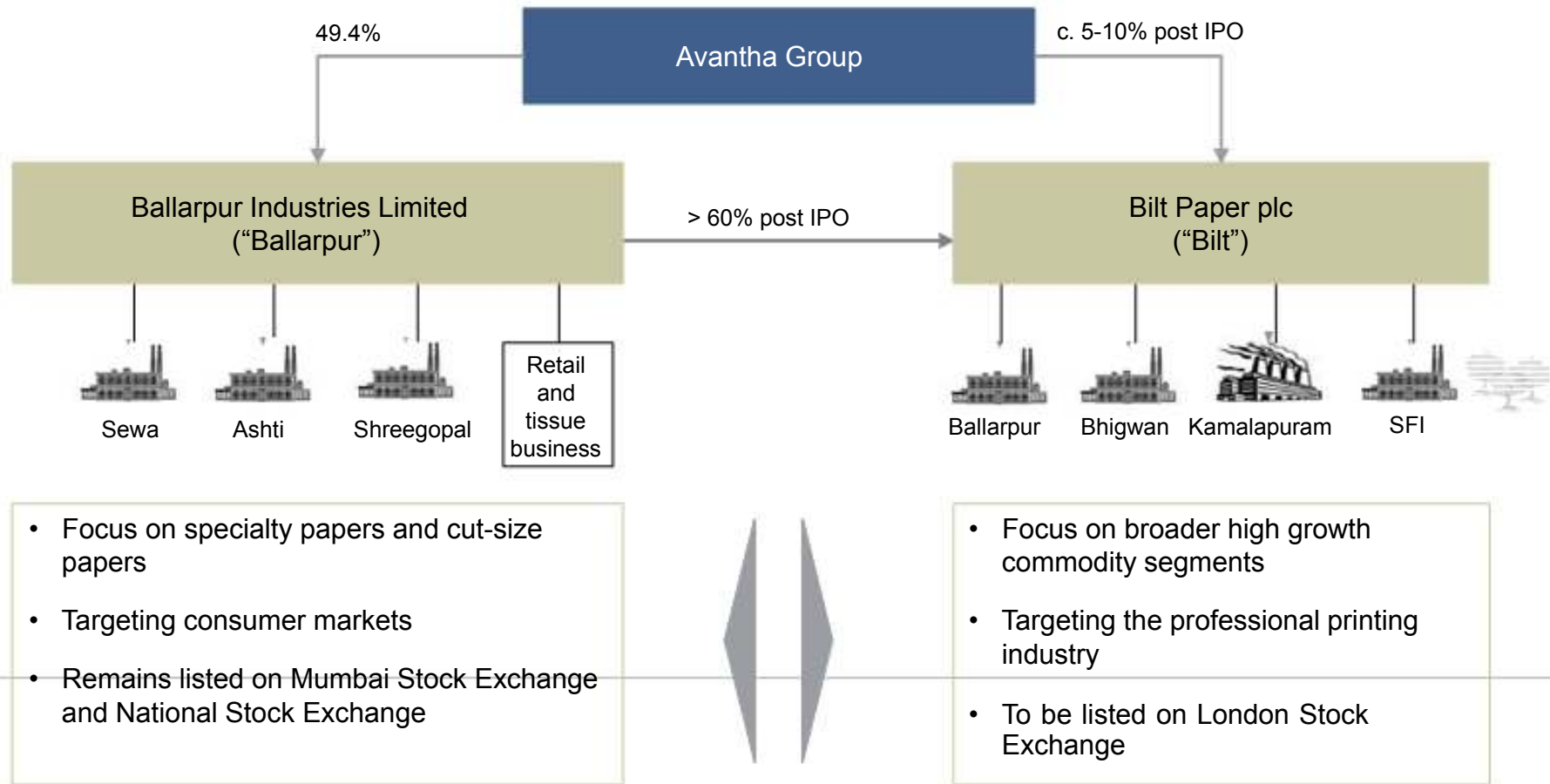
## Key Figures

- Combined market capitalisation of listed group companies c.USD 4 bn
- Revenue of over USD 3 bn in 2010
- Global production footprint spanning 3 continents and 10 countries
- Over 20,000 employees
- FY06-10 Revenue CAGR of 23%
- FY06-10 Net Income CAGR of 27%
- Avantha Group is promoted and owned by Mr Gautam Thapar

## Current Group Structure

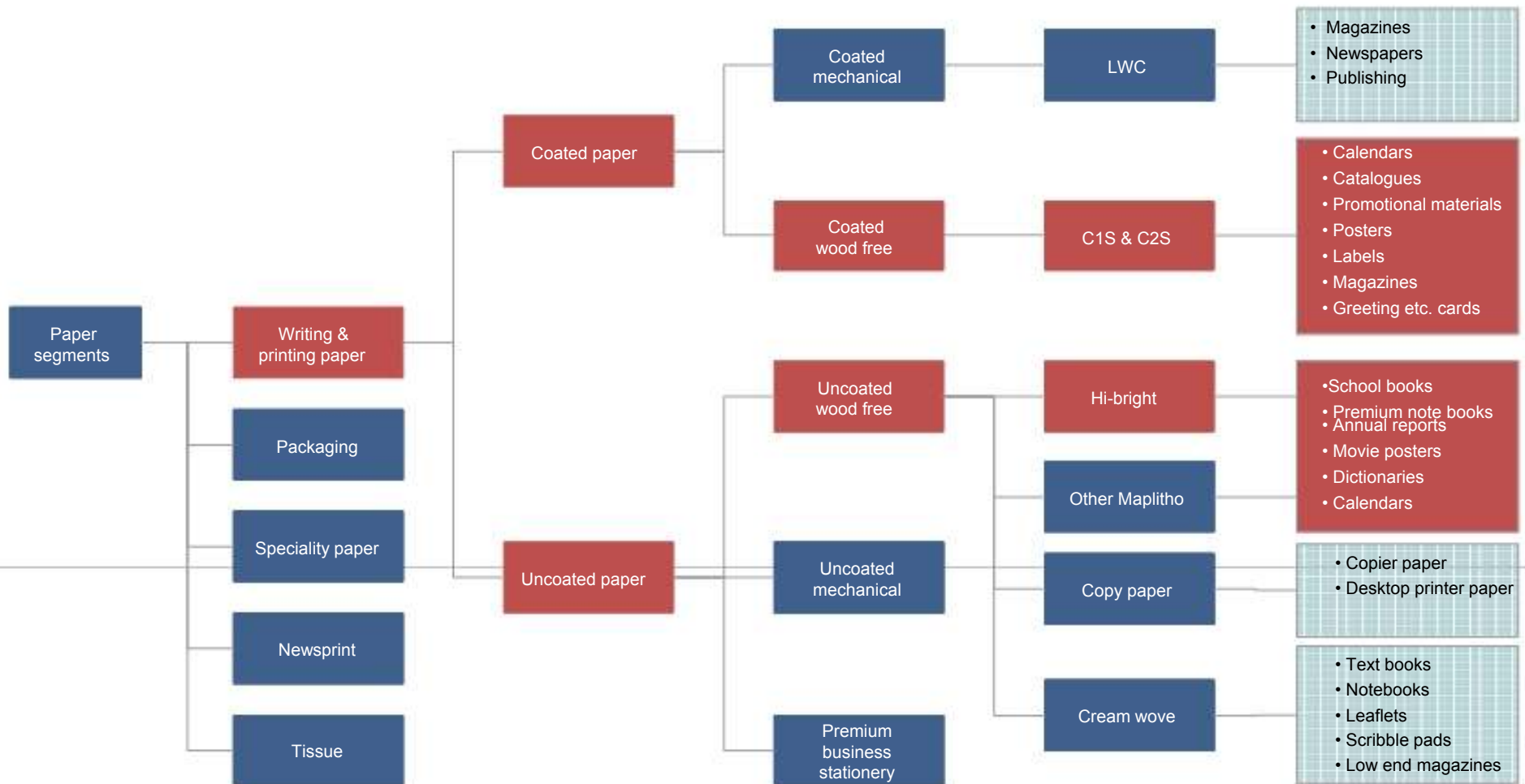


# Summary of the separation



- Bilt, Ballarpur and Avantha Group to enter into Relationship Agreement which will ensure Bilt's ability to operate as an independent company
- Certain support services will be shared, the majority of which will be within Bilt  
Shared services to be governed by Shared Services Agreement

# Overview of paper segments



# Bilt - Largest domestic paper company in India and Malaysia

## Overview

- The largest domestic paper producer in India and Malaysia
- India: 51% market share in blade coated woodfree and 24% share in Hi-bright uncoated woodfree market
- Malaysia: 73% and 22% market share in non-surface sized and surface sized uncoated woodfree markets, respectively
- Paper production mainly for domestic markets with only 22% of sales exported in 2009/10
- 3 mills in India and 1 in Malaysia
- High vertical integration
- Captive fibre supply from Malaysian pulpwood plantation
- In-house wood, pulp and energy supplies
- India's widest distribution network with 141 distributors
- 2009/10 net sales USD 605 mn and EBITDA USD 134 mn (22% margin)

## Capacity and facility overview

('000 tpa)	Current Capacity		Expansion Plan 2012-14		2013/14 Capacity		
	Grade	Pulp	Paper	Pulp	Paper	Pulp	Paper
Ballarpur	UWF	130	300	170	40	300	340
Bhigwan	CWF	-	315	-	35 300	-	650
Kamalapuram	Rayon	99				99	
SFI	UWF	120	144	120		240	144
<b>Total Bilt</b>		<b>349</b>	<b>759</b>	<b>290</b>	<b>375</b>	<b>639</b>	<b>1,134</b>
2012/13 HW pulp integration						100%	
2012/13 Total pulp integration						91%	

## Facility locations



Source: Bilt, Pöyry.

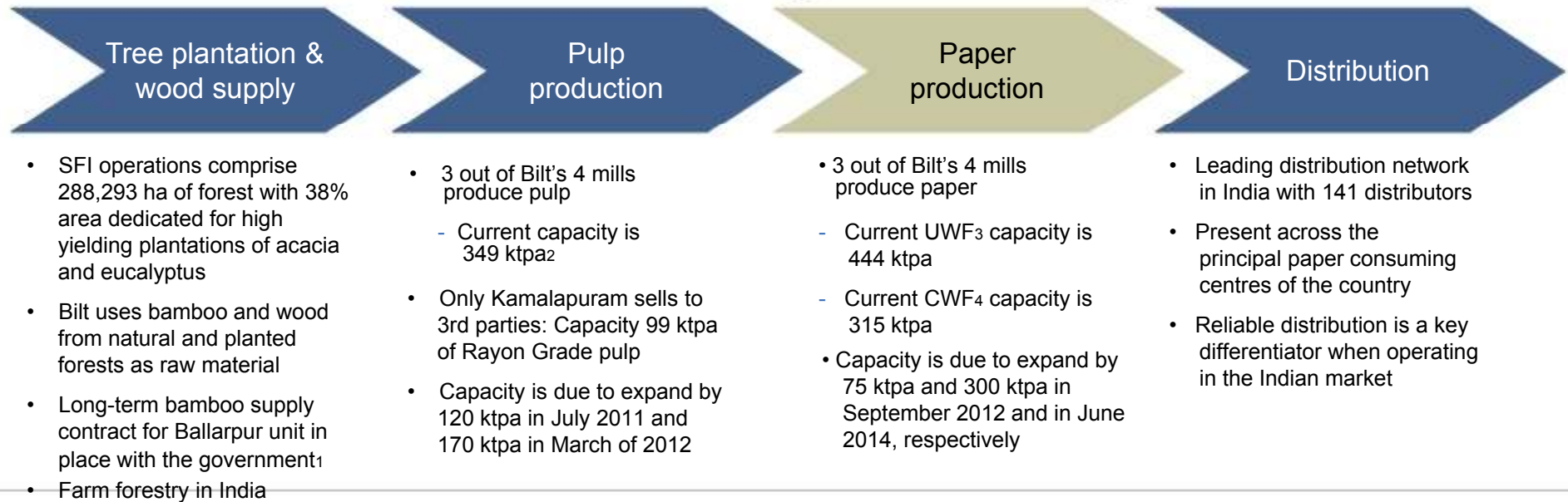
Note: Capacity information as per respective fiscal year ends.

Note: Market share as of 2009/10 for India and 2009 for Malaysia.

# Integration across the value chain

Bilt operates at all stages of the paper making value chain. Committed pulp and paper capacity expansion of 290 kt and 375 ktpa respectively, by 2013/14. 100% hardwood pulp integration by 2012/13.

Traditional paper company operations



Source: Bilt.

Note: Capacity information as per respective fiscal year ends.

<sup>1</sup> Existing agreement between government and Ballarpur but expected to get contract subsequently transferred to Bilt.

<sup>2</sup> Includes 99 ktpa of rayon grade pulp capacity at Kamalapuram unit.

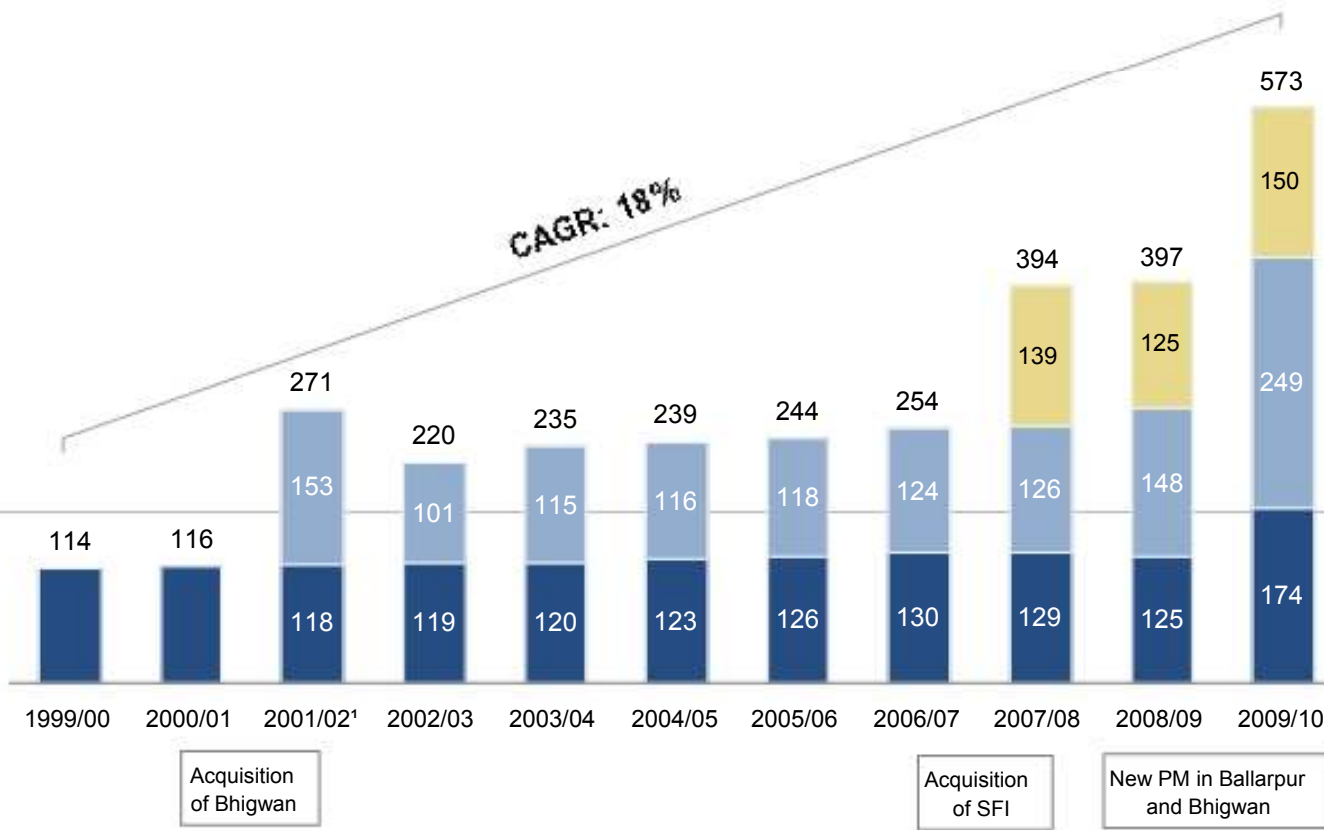
<sup>3</sup> Uncoated woodfree. <sup>4</sup> Coated woodfree.

# Long term development of Bilt's production volumes

Bilt has impressively increased its production volumes over the last 10 years through M&A and capacity expansions.

Long term development of paper production volumes ('000 Mt)

■ Ballarpur ■ Bhigwan ■ SFI



- ✓ Exceptional track-record of production expansion
- ✓ Proven M&A and integration skills
- ✓ Strong ability to manage increase of production volumes
- ✓ Stability of high capacity utilization

Source: Bilt.

Note: Acquisition of Bhigwan (Sinar Mas) in May 2001 and SFI in March 2007.

<sup>1</sup> Production for Bhigwan unit for 18 months period as the financials for year 2002 have been drawn up for 18 months.



# Bilt investment highlights

5 Highly experienced management team

1 Operations in high growth markets

4 Proven track record of profitable growth



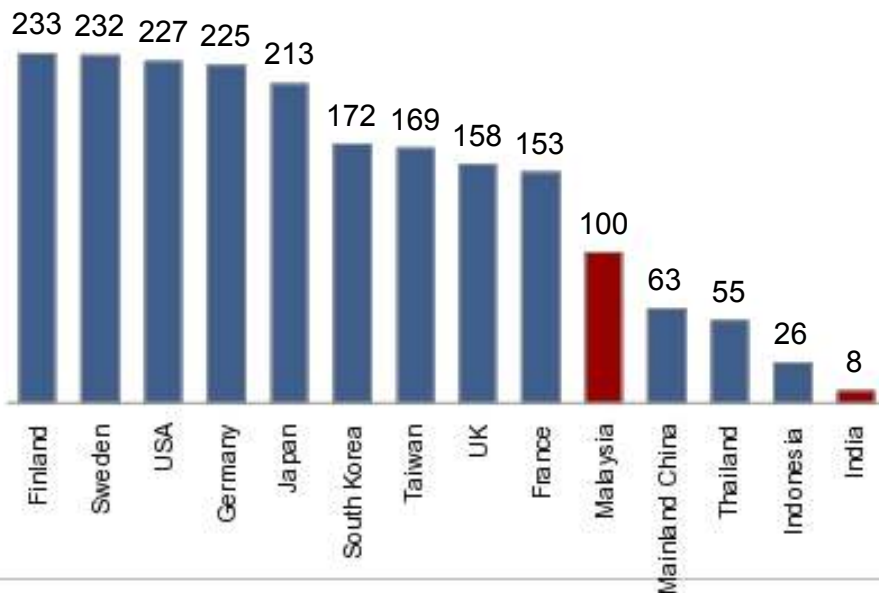
2 Clear domestic market leadership with Unique Indian platform

3 Vertical integration and operational excellence

# 1 India - the fastest growing paper market globally

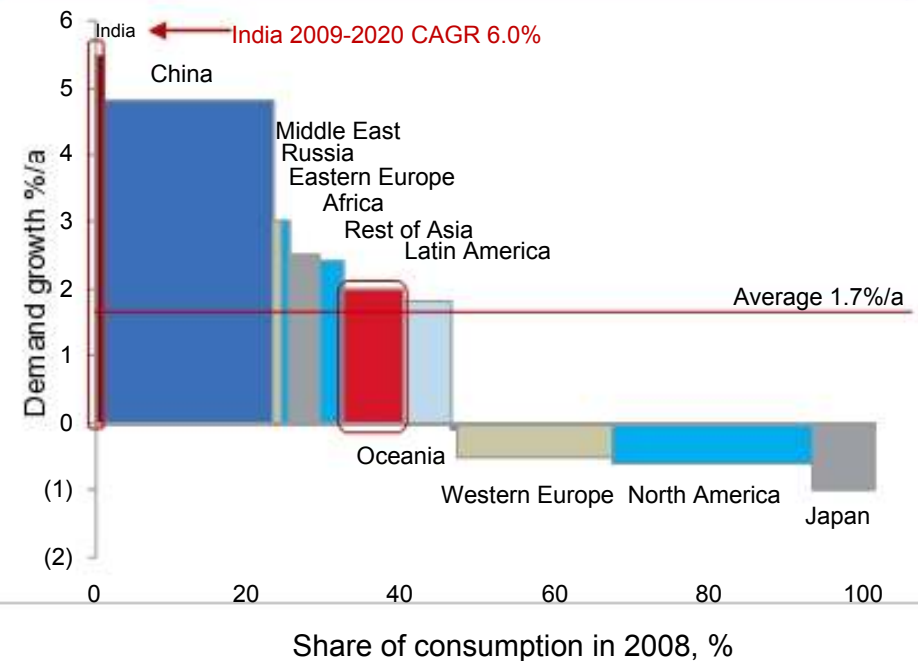
The Indian paper market is forecast to show the highest growth rate globally due to strong socio-economic developments.

Paper consumption per capita (kg) (2009)



Source: Pöyry.

2008 - 2020E Paper demand growth per country



Source: Pöyry.

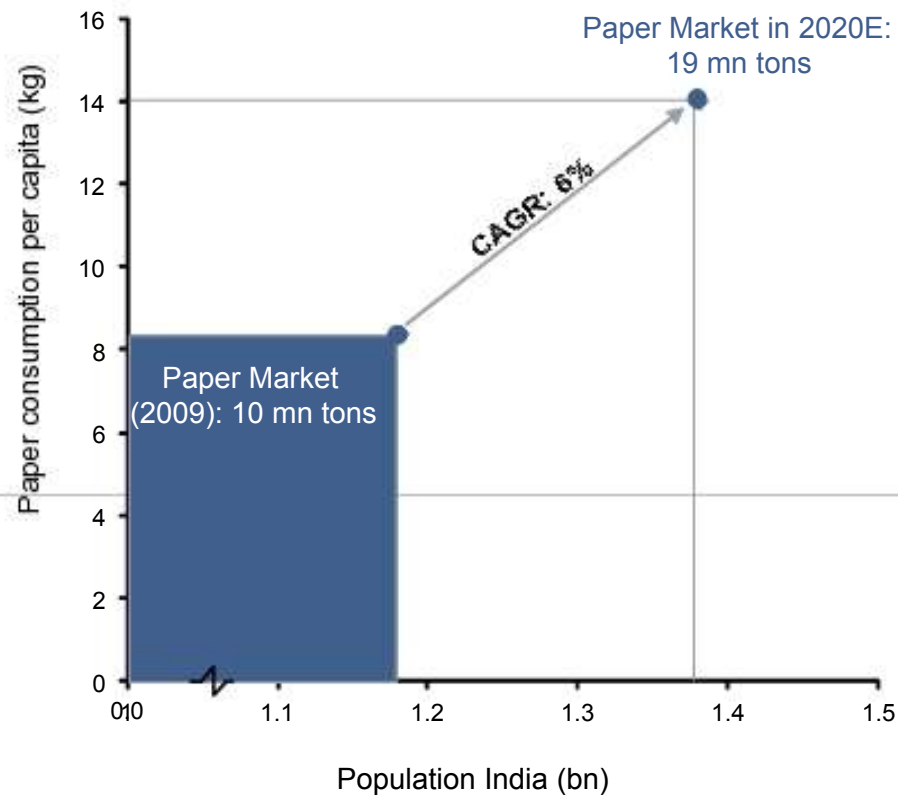
- Indian paper demand per capita is currently only a fraction of the demand in more developed countries
- Strong expected growth in paper demand as the Indian economy matures - paper demand 2009-20 CAGR of 6.0%
- India expected to become the 3<sup>rd</sup> largest global economy by 2050 in terms of GDP — GDP is expected to grow by c. 8% p.a. until 2020

Source: Pöyry; PriceWaterhouseCoopers.

# 1 Indian paper market expected to almost double to 19 mn Mt by 2020

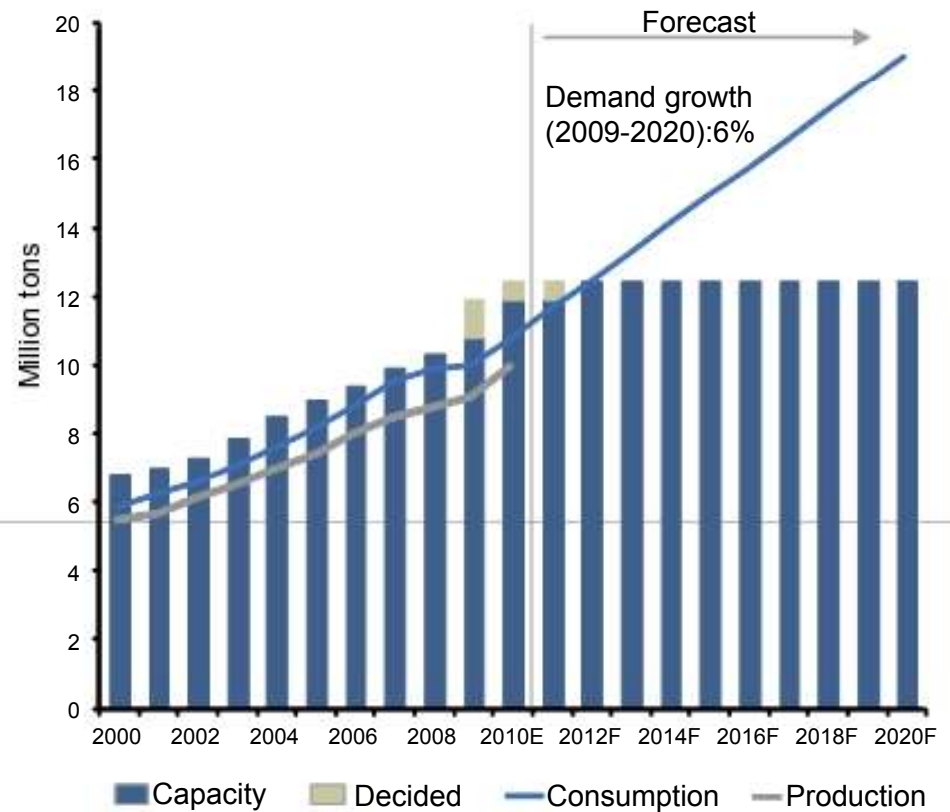
The Indian paper market is expected to nearly double over the next 10 years with demand outstripping domestic paper supply. Significant further capacity additions required to match expected demand increase.

Sizing the paper market potential In India (2009-2020)



Source: Pöyry.

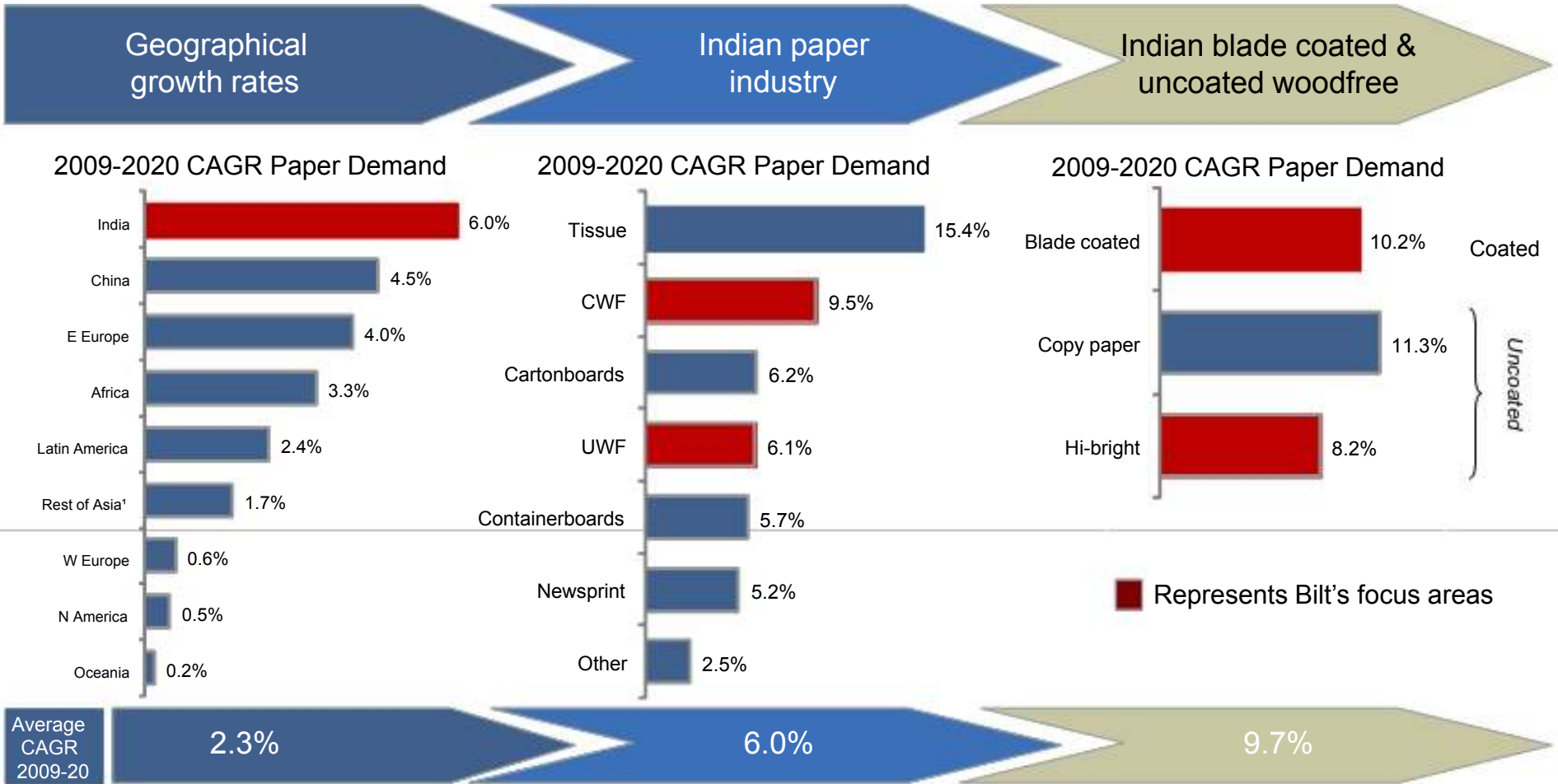
Indian paper market - Significant further capacity required



Source: Pöyry.

# 1 Bilt operates in the higher growth segments

Bilt is focused on woodfree papers, one of the highest growth segments of the Indian paper market. The main product segments, blade coated and Hi-bright uncoated woodfree are expected to grow at 2009-2020 CAGRs of 10% and 8%, respectively.



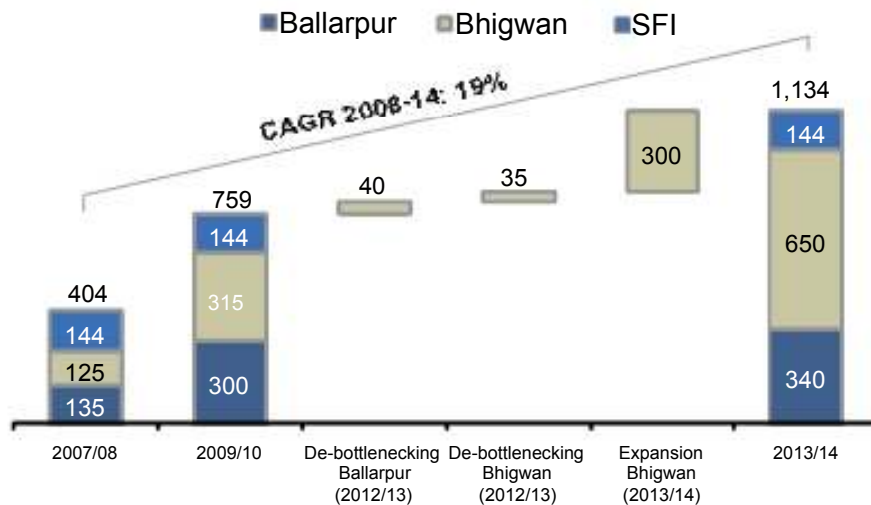
Source: Pöyry.

<sup>1</sup> Includes Japan and Middle East.

# 1 Bilt is strongly positioned for continued expansion

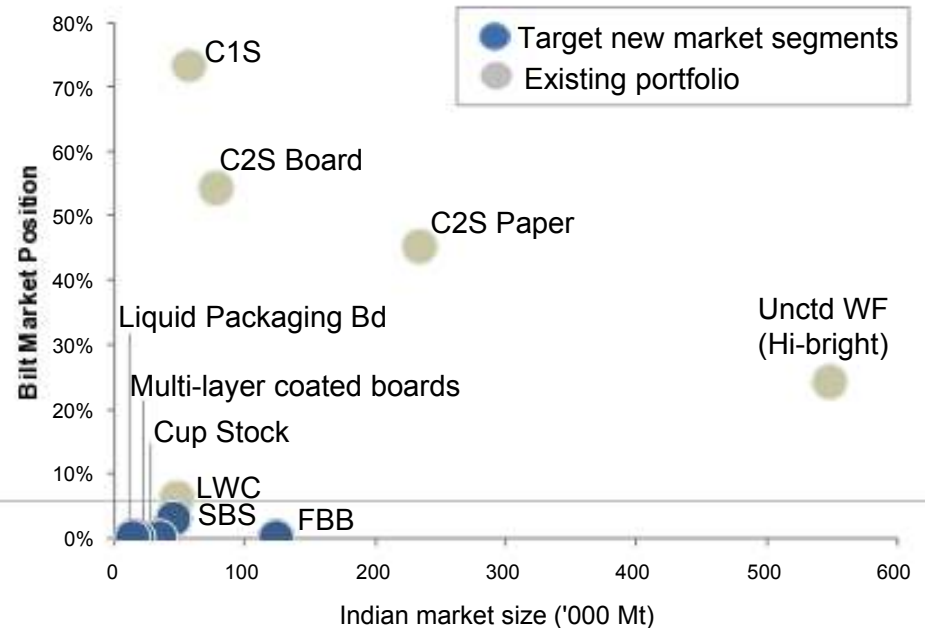
With captive Malaysian pulp wood assets and significant pulp making capacity, Bilt is uniquely positioned versus its Indian peers to continue capturing market share. Further scope from broadening the current product offering.

## Capacity development



Source: Bilt.

## Scope for broadening of target market in India



Source: Pöyry, Bilt.

Note: C1S stands for coated on one side; C2S stands for coated on two sides; LWC stands for light weight, two-side coated; SBS stands for bleached chemical pulp, two side coated Solid Bleached Sulphate; FBB stands for folding box paper.

- Maintained market leadership for the last 50 years
- Expanded capacity in line with market growth
- Proven track record of implementing significant projects within budgeted costs and timelines
- Ambition to continue to grow with the market to maintain and expand market share
- IPO proceeds of Bilt will be used to partly fund capacity expansion projects

Source: Bilt.

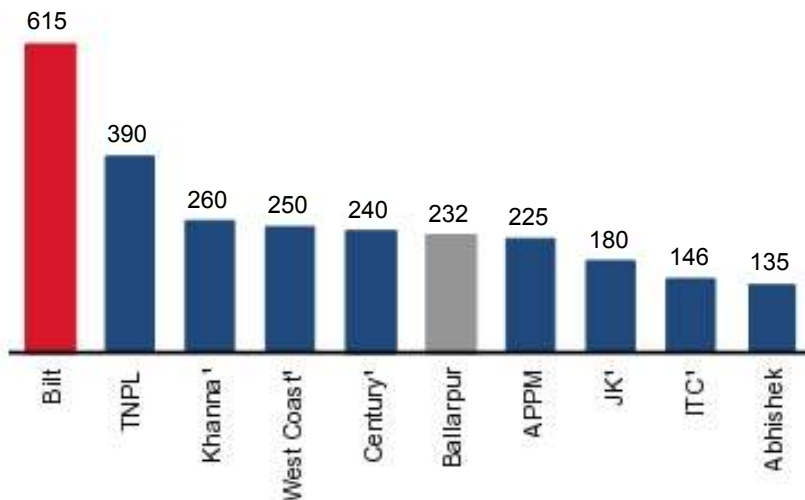
Note: Capacity information as per respective fiscal year ends.

## 2 Unrivalled market leadership in core segments

Bilt is the largest domestic paper company in India, the market leader in its core paper grades, and the only Indian producer able to offer both high quality coated and uncoated woodfree paper.

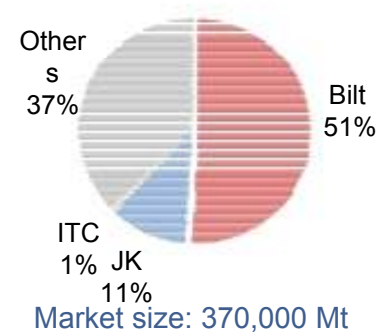
### Overview of Indian Writing & Printing paper market (2010)

('000 Mt)



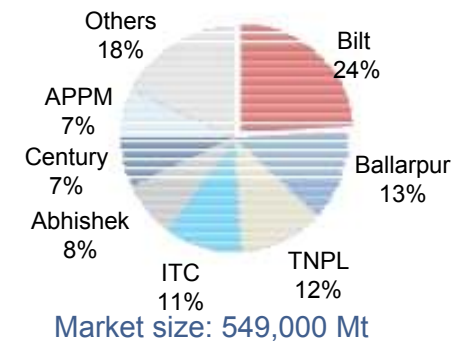
### Summary of Bilt positioning in Indian market (2009/10)

#### Blade coated woodfree



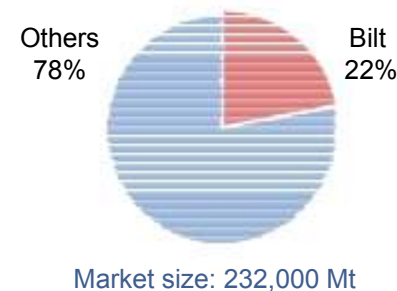
Source: Pöyry.

#### Hi-bright uncoated woodfree

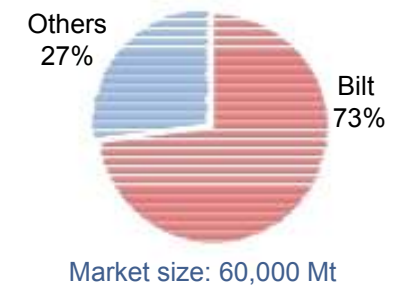


### Summary of Bilt positioning in Malaysian market (2009)

#### Surface Sized Unctd WF (USM) Non-Surface Sized Unctd WF (UNW)



Source: Pöyry.



No. of mills	2	1	1	1	1	3	2	2	2	1
No. of machines	9	3	2	4	4	8	7	7	5	2
No. of grades	2	2	2	1	1	3	1	3	2	1

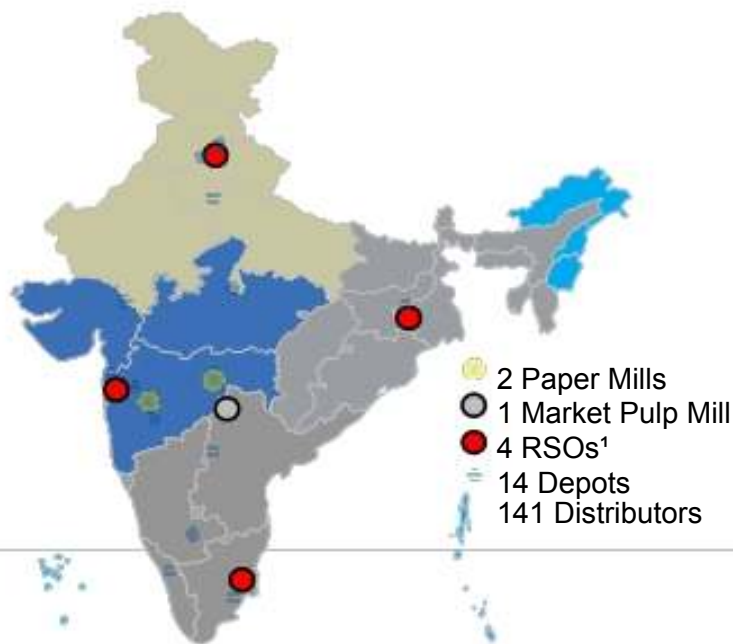
Source: Pöyry and Bilt.

<sup>1</sup> Capacity taken only for Writing & Printing Paper.

## 2 Unique Indian distribution network to service fragmented market

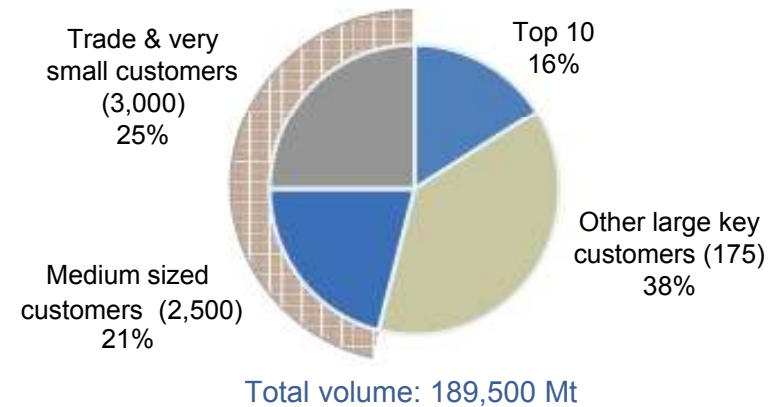
Bilt operates the largest multi-tier distribution network across India in order to service a fragmented market. Its unrivalled customer reach acts as a competitive advantage and substantial barrier to entry.

### Bilt's distribution system in India



- 2/3 of distribution is done through exclusive distributors
- Distributors take the end-customer credit risk
- Only sizeable network that handles multiple grades
- Lack of competing distributors is an effective entry barrier

### Bilt's India customer structure - coated woodfree<sup>2</sup>



⇒ 46% of sales are generated by 5,500 customer accounts

### Key order facts - coated woodfree from Bhigwan unit

Average order size	6.7 Mt
Percentage of order volume of 10 Mt and below	53%
Average no. of orders/month	2,985
Percentage of no. of orders of 10 Mt and below	89%

Source: Bilt.

Note: Includes entire production from Bhigwan unit, including small orders of products other than coated woodfree paper

<sup>1</sup> Regional sales offices.

<sup>2</sup> 2009/10 based on sales volume.

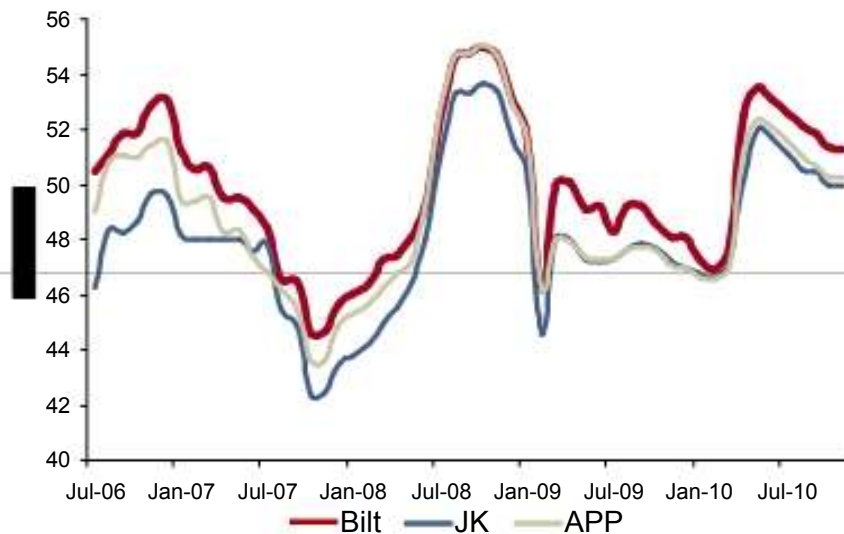
## 2 Bilt is able to translate its unique platform into premium pricing

Bilt is successfully converting its Indian market leadership into a premium pricing strategy.

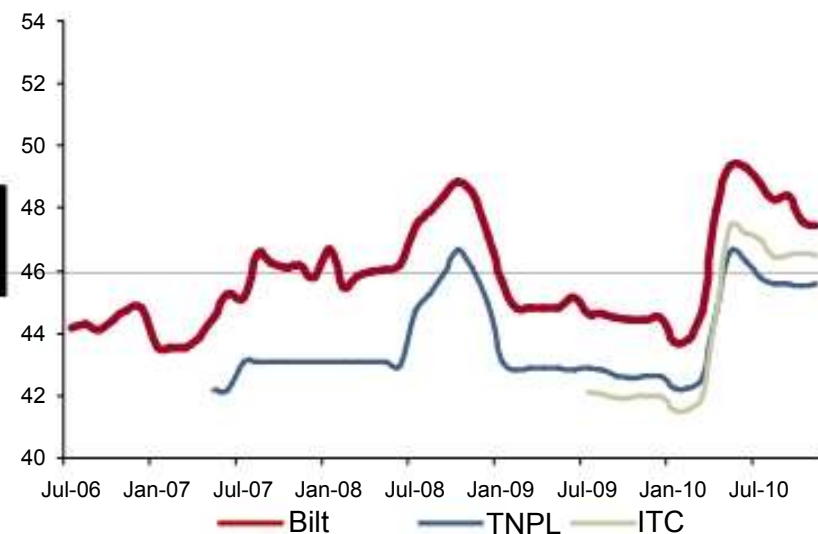
- High quality product in domestic market - Benchmark to international standard and "Superbrand" status<sup>1</sup>
- Unique product offering of both coated and uncoated papers in India
- Unique Indian distribution network reach with unrivalled customer service operation
- Reliable and consistent pricing policies



Premium pricing for coated paper<sup>2</sup>



Premium pricing for Hi-bright uncoated paper<sup>3</sup>



Source: Bilt.

<sup>1</sup> Bilt has been recognized as "Superbrand" in the "Paper" product category by Superbrand for the last six years.

<sup>2</sup> Market Operating Prices for C2S 130 gsm at Bhiwandi (Mumbai) in INR/kg.

<sup>3</sup> Market Operating Prices for Hi-bright 70 gsm at Bhiwandi (Mumbai) in INR/kg.

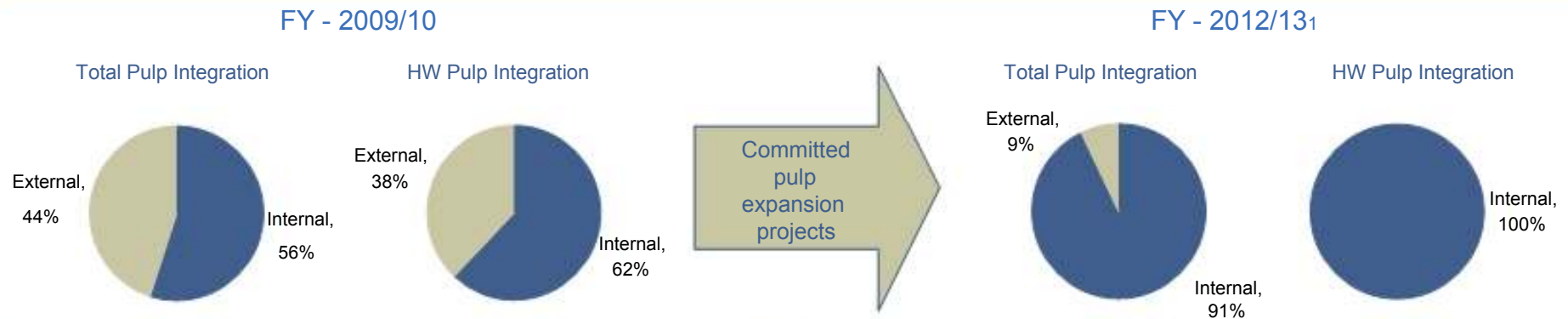
Source: Bilt.



### 3 Vertical integration - 100% on hardwood pulp by 2013

Unique level of vertical integration in domestic markets through fibre, pulp, energy and chemical supply. Control of entire paper making value chain.

#### Full hardwood pulp integration by 2013



#### Captive fibre supply

- The lack of available forestry restricts domestic integration in the Indian market
- Captive Malaysian pulpwood plantation through SFI
- Access to Malaysian pulp for its Indian operations gives Bilt a competitive advantage over its Indian peers
- Bilt has secured a long-term (10 year) bamboo supply contract for Ballarpur unit with the Government (expires in 2014)<sup>2</sup>

#### Energy and chemical supply

- On site power plants at all facilities. Plants owned by Bilt or related group company Avantha Power and Infrastructure Limited
- On site chemical production facilities at Ballarpur, Bhigwan and SFI

Source: Bilt.

Note: Kamlapuram manufactures currently rayon-grade pulp, but can also produce paper-grade pulp. 2010 is based on actual production / consumption.

<sup>1</sup> Pulp expansion expected in 2011/12 with full benefit expected during 2012/13.

<sup>2</sup> Existing agreement between government and Ballarpur but expected to get contract subsequently transferred to Bilt

# 3 Operational excellence with continuous improvement culture

State of art paper and pulp mills and a continuous drive to improve operations results in best-in-class performance and productivity.

## State of the art equipment (selection)



Bhigwan

- PM2
- Installed Mar 2009
- Capacity: 165,000 Mt



Ballarpur

- PM7
- Installed Dec 2009
- Capacity: 165,000 Mt



- Pulp line
- Operational in Mar 2012
- Capacity: 300,000 tpa
- Net additional capacity: 170,000 tpa



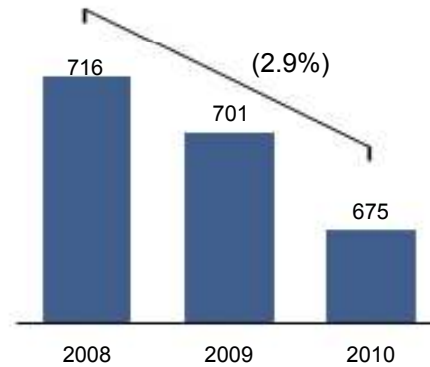
SFI

- Pulp line
- Operational in July 2011
- Capacity: 240,000 Mt
- Net additional capacity: 120,000 tpa

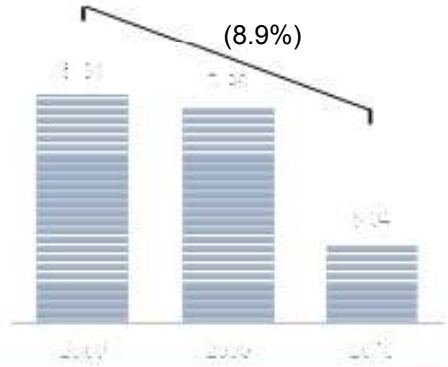


## Continuous cost improvements for paper manufacturing<sup>1</sup>

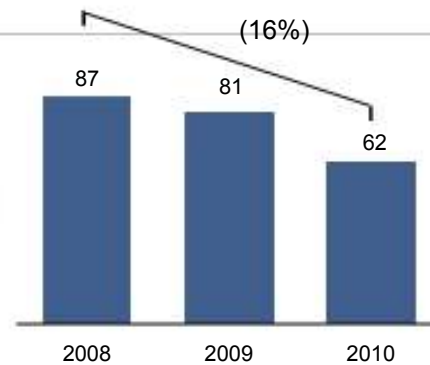
Fibre consumption (kg/Mt of paper)



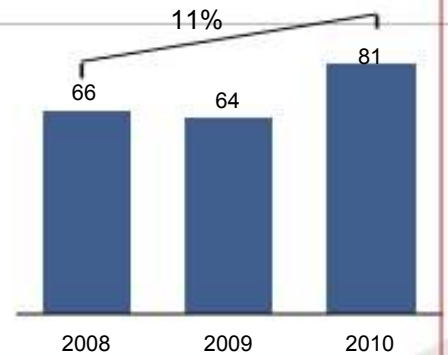
Steam consumption (Mt/Mt paper)



Water consumption (m3/Mt)



Productivity (Mt paper/empl.)



Source: Bilt.

Source: Bilt.

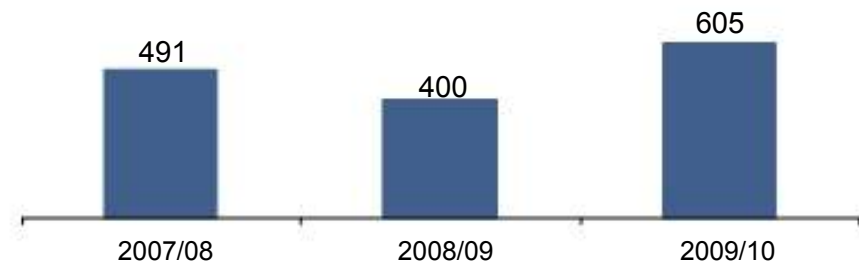
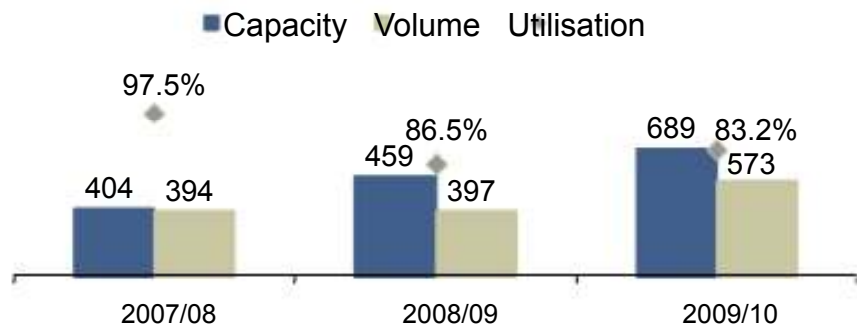
<sup>1</sup> Represents number of all paper producing units.

## 4 Proven track record of profitable growth

Bilt has maintained strong and consistent EBITDA margins despite significant capacity expansion projects.

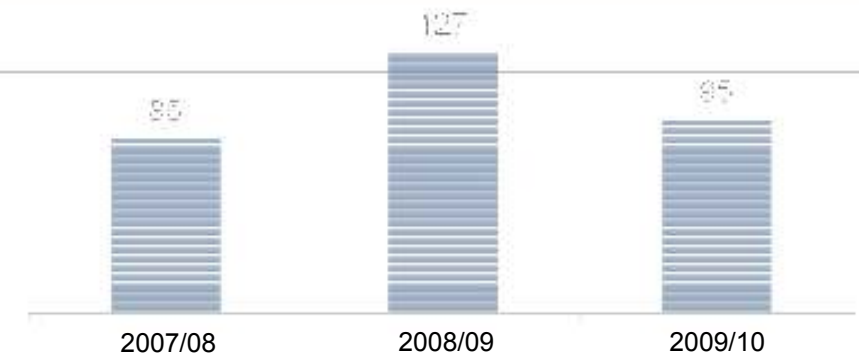
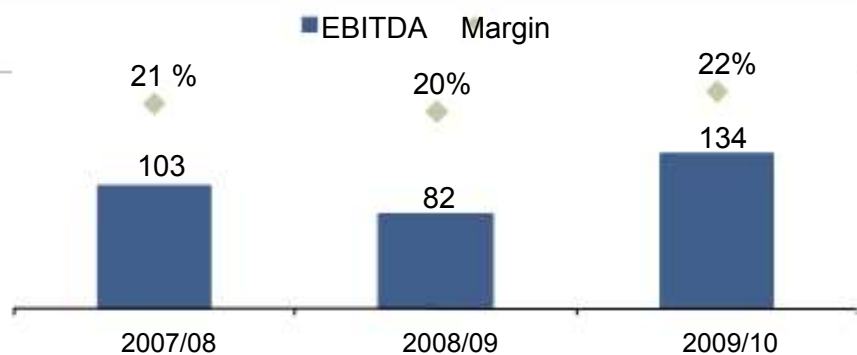
Paper Production volume and capacity ('000 Mt)

Net sales (USD mn)



EBITDA (USD mn)

Operating Cash Flow (USD mn)



Source: Bilt.

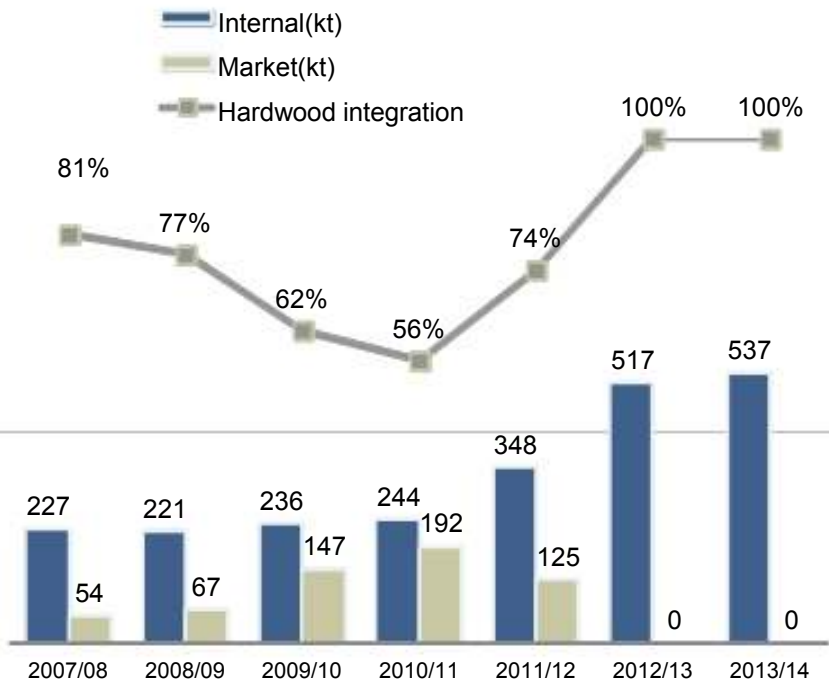
Note: Revenue, EBITDA and Operating cash flow include market pulp sale.

# 4 Further earnings upside from increased vertical integration

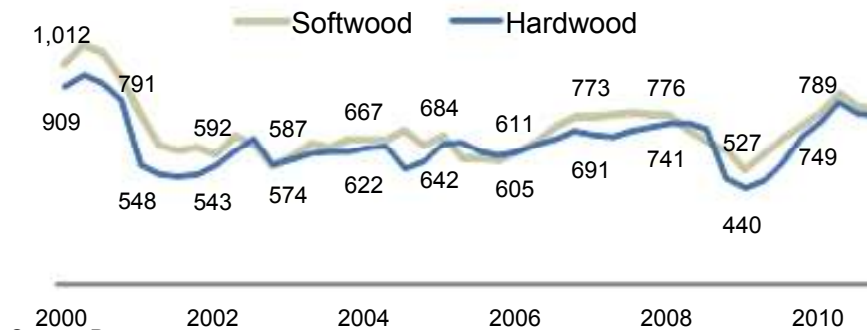
Ongoing pulp expansion projects will reduce reliance on volatile market/imported pulp; further vertical integration is expected to meaningfully improve cost structure and profitability.

## Hardwood pulp balance (internal vs. market)

EBITDA Margin: 21% 20% 22%

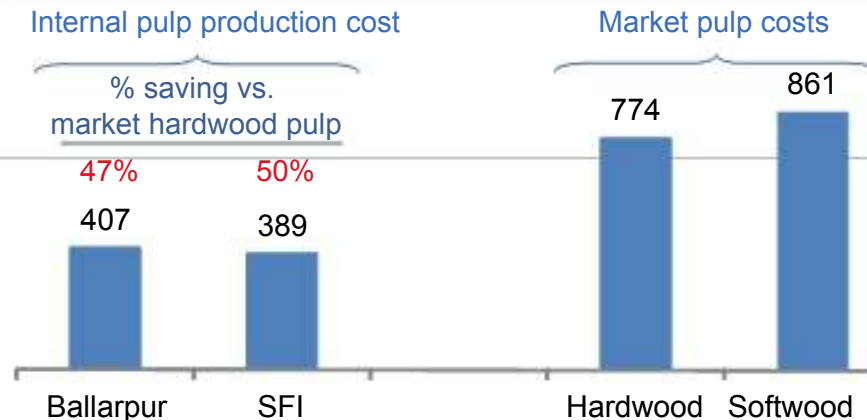


## Market pulp price development (US\$/Mt)<sup>1</sup>



Source: Pöyry.

## Cost comparison - internal vs. market pulp (US\$/Mt)<sup>2</sup>



Source: Pöyry, Bilt.

Source: Bilt, Pöyry.

<sup>1</sup> Asian 2010 real prices.

<sup>2</sup> Market pulp costs based on average market price for 2009/10 based on Pöyry data real prices for Asia adjusted for duties and taxes.

## 5 Highly experienced management team

Bilt's management team displays extensive industry and operational experience and has a proven track record of managing significant capacity expansion.

### Key management

#### Neehar Aggarwal, Senior Vice President, Operations



- 25 years experience (all with Bilt)
- Formerly Unit Head at Bhigwan, Shree Gopal & Sewa units
- Bachelor degree in Engineering (Mechanical) from BITS, Pilani

#### Yogesh Agarwal, CEO



- Over 26 years of industry experience (12 with Bilt)
- Vice President and President Designate of Indian Paper Manufacturers Association
- Holds a Bachelor of Engineering, Post Graduate Diploma in Business Management & Advance Management from Harvard Business School

#### Vivek Kumar Goyal, CFO



- 18 years experience (9 with Bilt)
- Currently CFO of Ballarpur Industries Limited
- Chartered Accountant and Company Secretary
- Bachelor of Commerce and LLB from Delhi University

#### Bharat Tandon-Vice President, Sales & Marketing

- 26 years sales & marketing experience (18 with Bilt)
- Graduate from Delhi University, post graduate in Management from Asian Institute for Management, Manila

#### Suneel Pandey-Vice President, Raw Material

- 20 years experience in forestry (2.5 with Bilt)
- Formerly with the Indian Forest Service
- Holds B. Tech and M. Tech from IIT Delhi and has a diploma in forestry and related areas

#### Dr. Ashok Kumar-Vice President, SFI

- 30 years experience (6 with Bilt)
- Has Master degree of engineering (Chemical) from IIT, Roorkee
- Also holds International Diploma (Pulp and Paper) from University of Trondheim and a Ph. D (Pulp processing) from University of British Columbia

#### Sanjay Grover-Vice President, Commercial

- 24 years experience in Materials Management (5 with Bilt)
- Responsible for supply chain and logistics for all units of Bilt
- Graduate in Engineering and holds a post graduate degree in Management

#### S. Mohan-Vice President, Human Resources

- 26 years experience in management consultancy and teaching (2 with Bilt)
- Post Graduate in Human Resource Management from Loyola College, Chennai

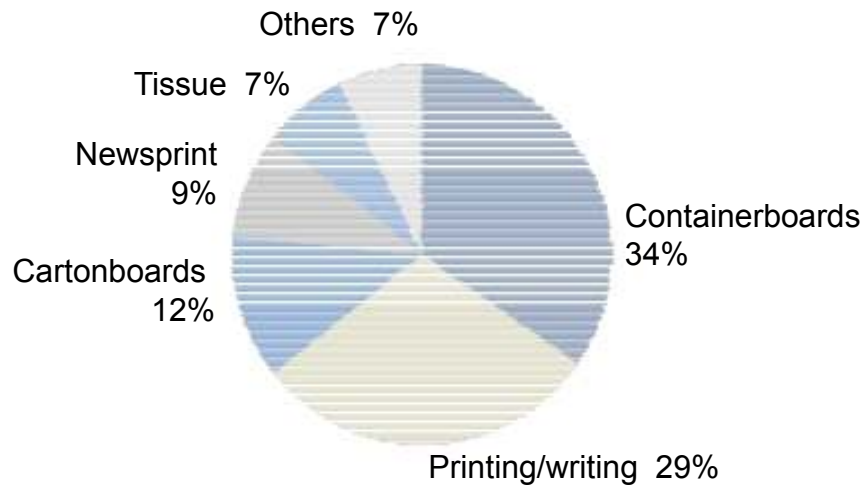
#### Mahadevan Shankara Rajan-Vice President, IT

- 28 years experience (5 with Bilt)
- Holds degree in Chemical Engineering from IIT, BHU, Varanasi and post graduate degree (MIS and Systems) in Management from IIM Bangalore

Note: Years of experience with Bilt also includes years of experience with predecessors and Ballarpur

# Global product and furnish mix

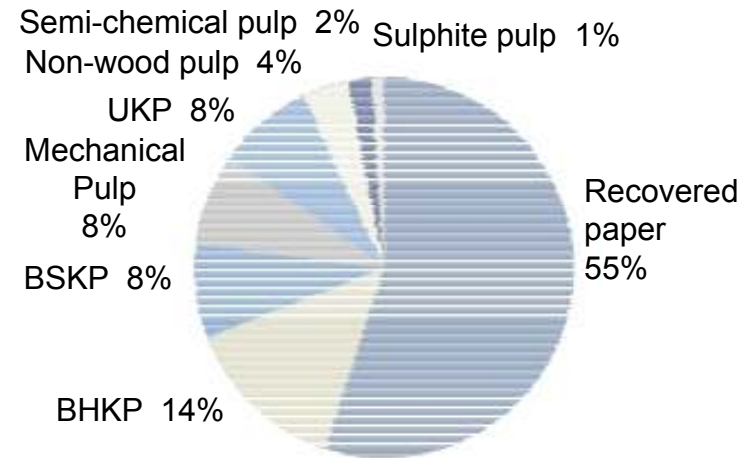
Global paper and board market (2009)



Total: 368 mn Mt

Source: Pöyry.

Global papermaking fibre consumption (2009)



Total: 374 mn Mt

Source: Pöyry.

- Printing & Writing paper: 29% of total paper consumption
- Packaging boards and paper: 46% of total paper consumption
- Recovered fibre: 55%, chemical pulp: 33% and mechanical pulp: 8% of global fibre demand
- Market pulp: 14% of global fibre demand (34% of primary virgin fibre demand)

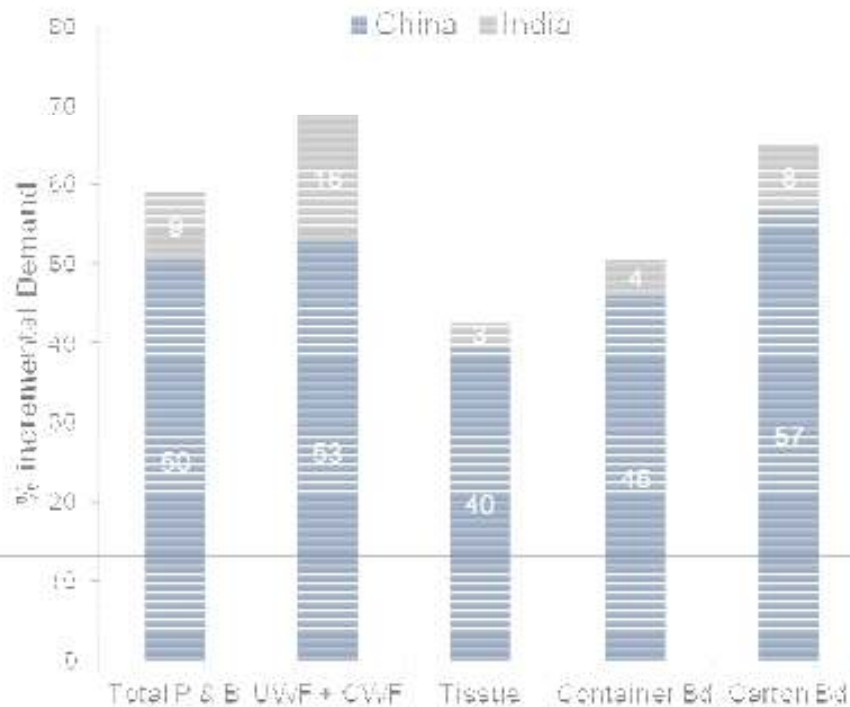
Source: Pöyry.

Note: Fibre demand inclusive of process losses.

# Asia - the driver of the global paper market

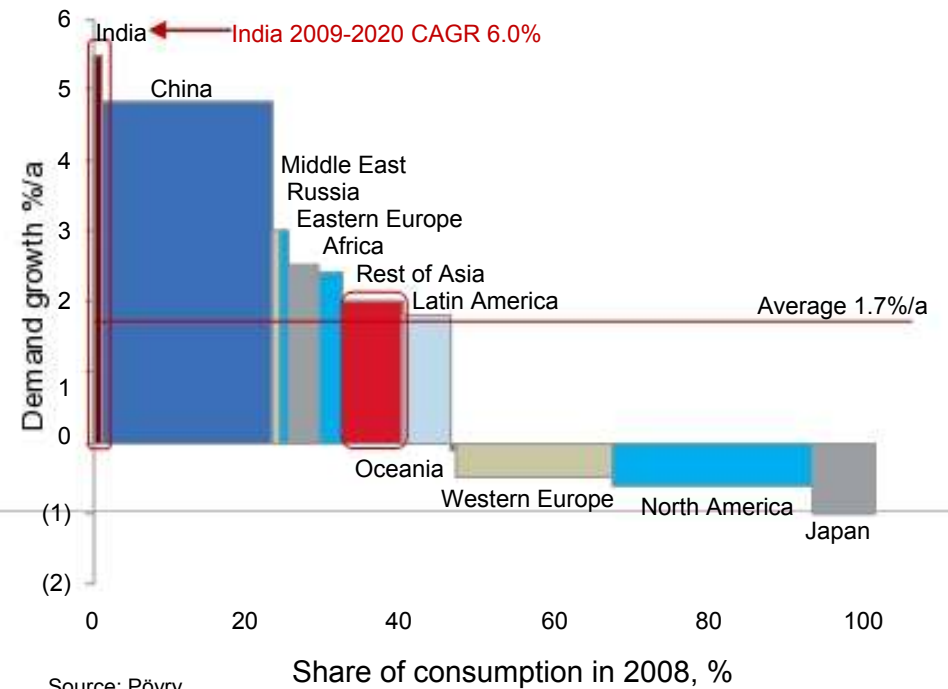
Asia is fast becoming the largest global paper market, with India displaying the highest individual growth rate.

India & China share of global incremental paper demand



Source: Pöyry.

2008-20 Regional paper demand growth<sup>1</sup>



Source: Pöyry.  
<sup>1</sup> CAGR 2008-2020E.

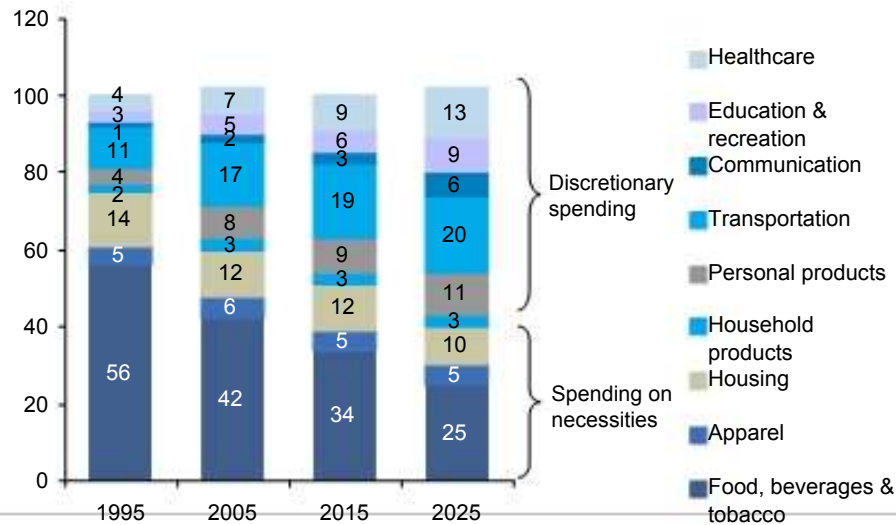
- India and China are estimated to make up for 59% of the global incremental paper and paperboard demand during 2009 - 2020
- In North America and Western Europe, production is forecast to decline from current 46% to 38% of global production by 2020
- Asia (excluding Japan) share of global production is expected to grow from 36% to 44% by 2020

Source: Pöyry.

# Further demand growth from economic development

Higher discretionary income with changing consumption patterns and increased focus on education will result in further increased paper consumption.

## Change in consumption pattern (%)



Average Household Income (\$)

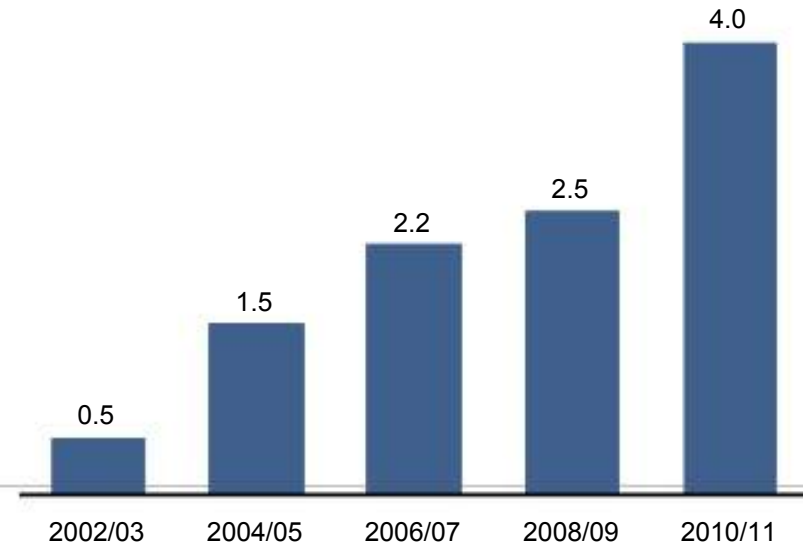
Year	1995	2005	2015	2025
Average Household Income (\$)	(1,320)	(1,804)	(3,080)	(5,456)

Source: McKinsey Global Institute Analysis

- Discretionary spending of Indian consumers would rise to 60% in 2025 from 40% in 2005

## Increased focus on education

SSA<sup>1</sup>-total funds available 2002-2011  
(In Billion USD)



Source: Indian government estimates

- The increased rate of literacy and improved school infrastructure will result in greater demand for paper
- Until 2012 the Indian government has estimated spend on the school system of c.USD 18 bn, of which USD 6 bn is on paper related products

Note: 2010-11 is spent till December 2010 (Source Deptt. of HRD, Govt. of India).

<sup>1</sup> SSA is a programme aiming to provide elementary education for all children between 6 and 14 (210 mn children).

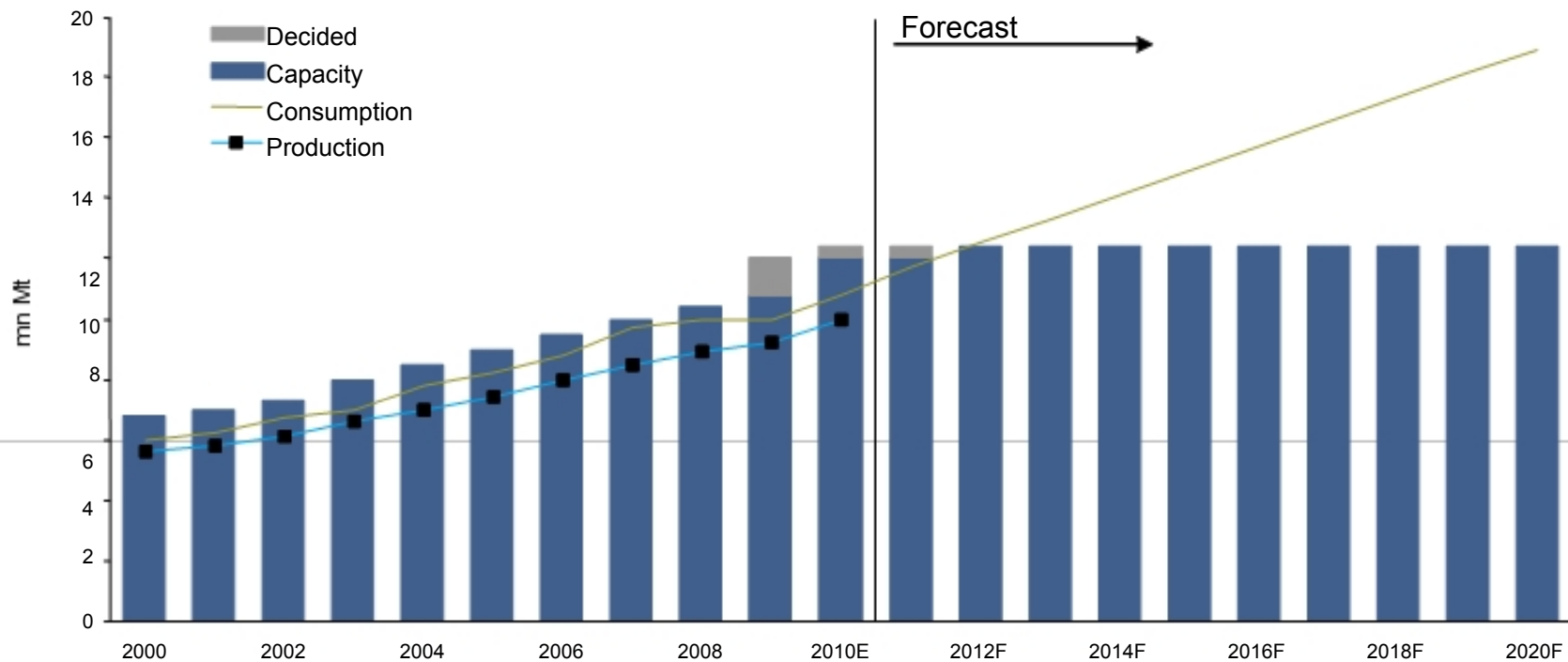


# Overall Indian paper and paperboard growth

Strong fundamentals underpin the paper and paperboard market with growing excess demand forecast from 2012 onwards. 2009-2020 Indian paper demand CAGR 6.0% to reach 19 mn Mt by 2020.

## Overall Paper and Paperboard Supply/Demand in India till 2020

Demand Growth (2009-2020): 6.0% per annum

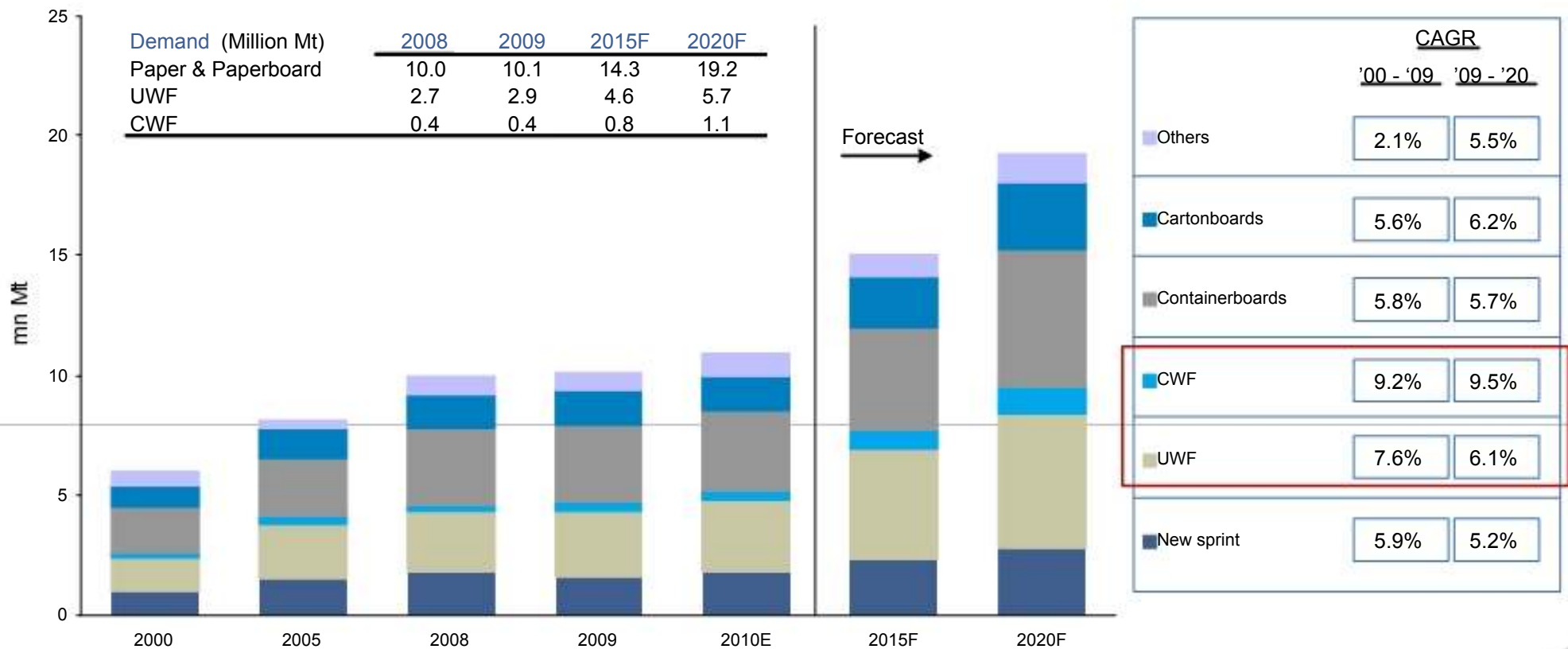


Source: Pöyry.

# Writing and printing paper is the fastest growing segment

Writing and printing papers are the largest paper segments in India today and display the highest growth rates.

## Paper and Paperboard Demand by Grades in India till 2020

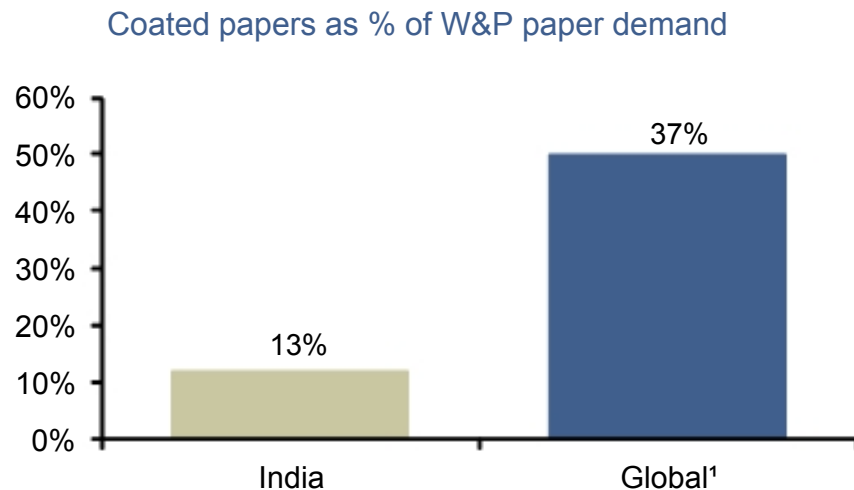


Source: Pöyry.  
Note: Others include Tissue.

# Expected migration towards higher quality papers

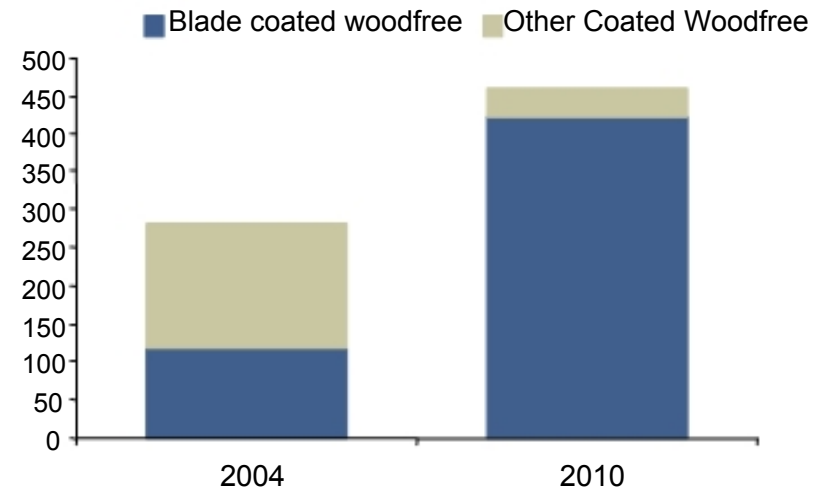
Currently, Indian paper consumption is mainly in low end grades. However, similar to Western markets, the availability of higher qualities is anticipated to displace current products as the Indian market matures.

Indian coated paper demand (2009/10)



Source: Pöyry.  
<sup>1</sup> Based on 2009.

Changing coated woodfree consumption ('000 Mt)



Source: Pöyry.

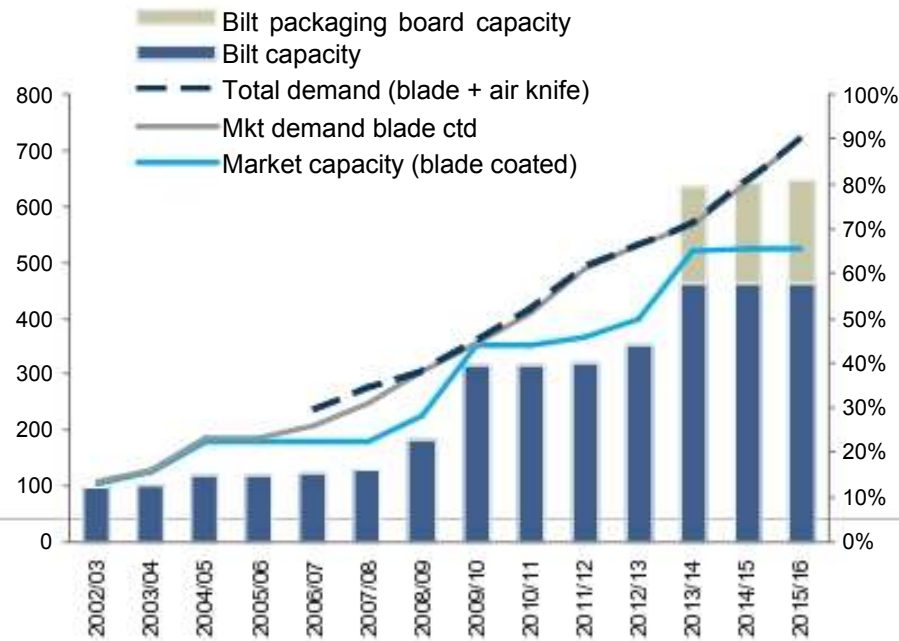
- Indian paper consumption currently mainly in the lower quality uncoated grades
- Historically, the better qualities have not been widely available, but as production capacity increases, they will eventually displace the lower quality papers

- Even within CWF, there is clear evidence of higher quality grades, e.g, blade coated, displaying the highest growth rate
- Blade coated woodfree has achieved double-digit consumption growth of 24% pa since 2004, taking market share from the air knife coated grades

# Indian coated woodfree market

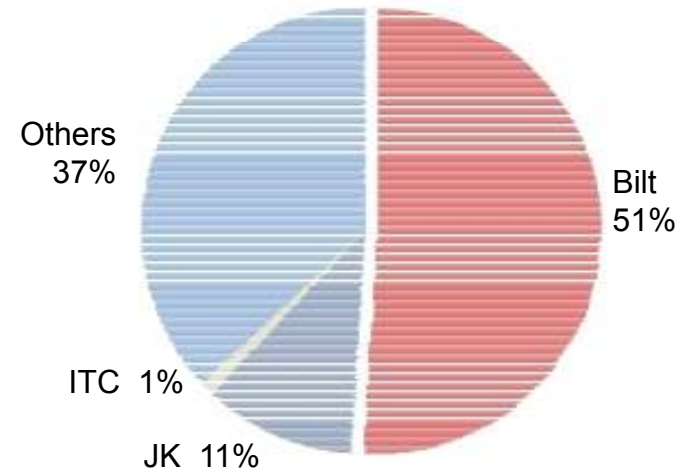
CWF demand is expected to double over the next 5 years. Meanwhile there is the need to balance the market by exports. Bilt is the market leader and to date the only player adding domestic capacity.

Blade coated woodfree demand vs. capacity



Source: Pöyry.

Blade coated wood free market - 2009/10



Market size: 370,000 Mt

Source: Pöyry.

- Domestic supply accounted for about 65% of CWF market in 2009, with the majority from Bilt's Bhigwan site
- CWF paper demand is forecast to increase from c.416 kt in 2009/10 to over 760 kt in 2015
- Blade coated woodfree demand to grow from 370 kt in 2009/10 to 739 kt in 2015/16 representing a CAGR of 12.3%
- Despite Bilt expanding supply, local CWF supply is expected to remain short of future demand

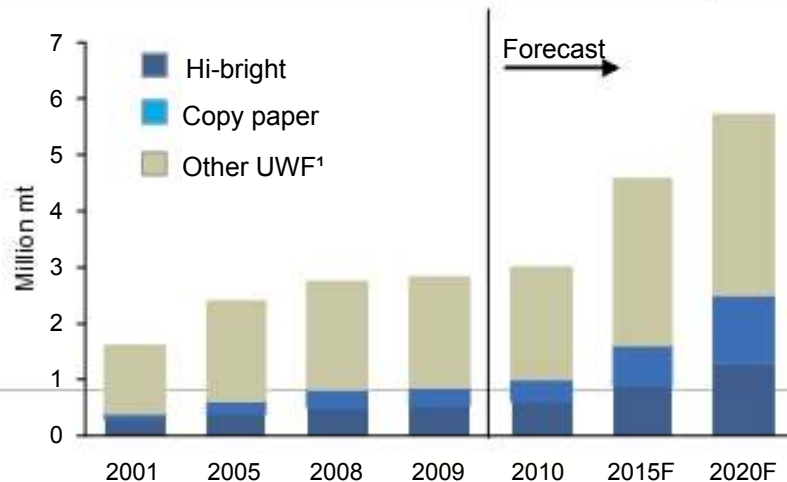
# Indian uncoated woodfree market

Large part of the Indian uncoated woodfree market is of low quality grade, whereas Bilt focuses on the higher-quality grades, e.g. Hi-bright papers. Bilt is the market leader in the higher-growth Hi-bright segment.

## Uncoated woodfree demand

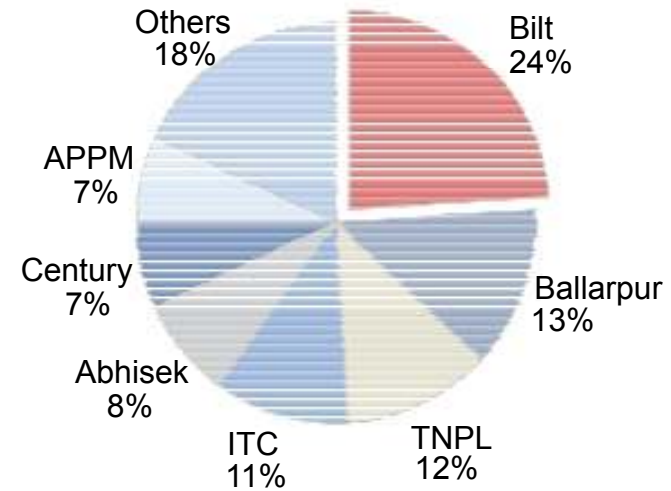
Demand (Million tons)

	2001	2005	2008	2009	2010	2015F	2020F	CAGR '09 - '20
Hi-bright	0.3	0.4	0.5	0.6	0.6	0.9	1.3	8.2%
Copy Paper	0.1	0.2	0.3	0.3	0.4	0.7	1.2	11.3%
Other UWF	1.2	1.8	1.9	2.0	2.0	3.0	3.2	4.6%



Source: Pöyry.  
<sup>1</sup> Others include Low bright maplitho and creamwove.

## Hi-bright uncoated woodfree market - 2009/10



Market size: 549,000 Mt

Source: Pöyry.

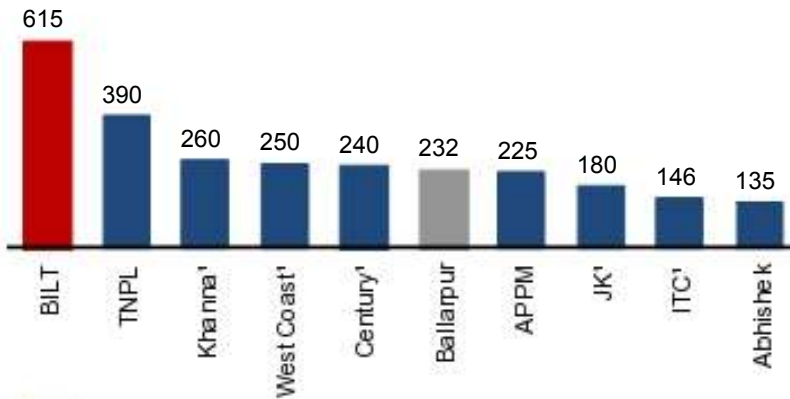
- The slight excess supply of UWF in 2009/10 will expand significantly through 2015 assuming that all of the planned capacity additions will come on steam
  - More than 800 ktpa of new capacity has been added in 2010, an additional 422 ktpa has been added and will start-up from 2011 onwards
  - Almost 1.4 mn tpa are in the planning stage but it is unlikely that all of that capacity will come as planned
- This trend can be seen as part of a broader market trend toward higher-end product `

# Bilt is the unrivalled leader in its target markets

Bilt is the largest domestic paper company in India and is the market leader in its core markets. Bilt is also the only domestic player able to offer both higher quality uncoated and coated papers.

## Indian Writing and Printing paper market (2009/10)

('000 Mt)

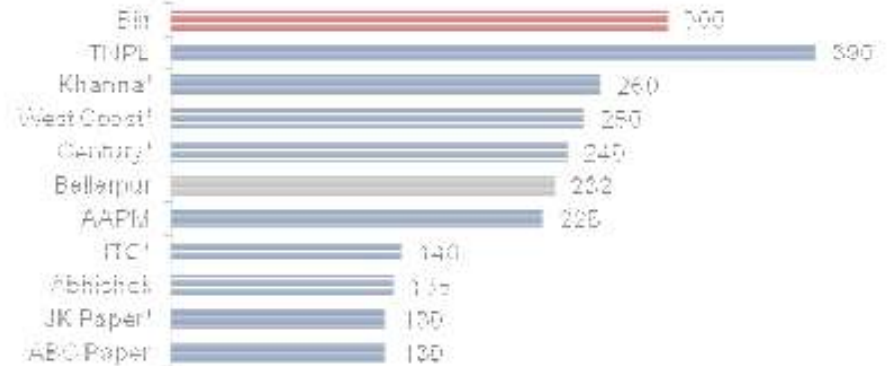


No. of mills	2	1	1	1	1	3	2	2	2	1
No. of machines	9	3	2	4	4	8	7	7	5	2
No. of grades	2	2	2	1	1	3	1	3	2	1

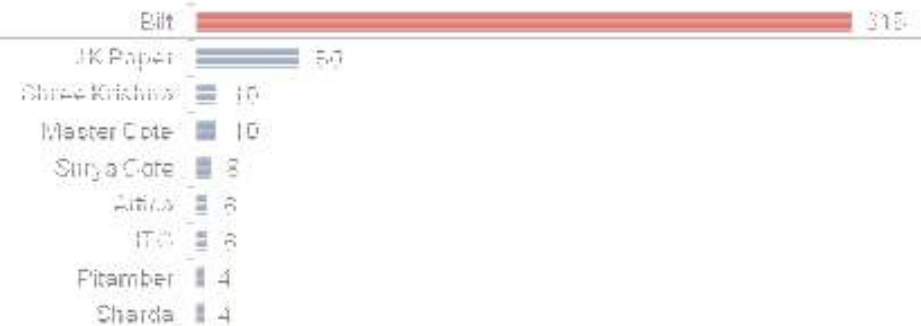
- Bilt is one of the largest producers of CWF and Hi-bright UWF papers in India
- CWF and Hi-bright UWF grades are interlinked with cross-selling synergies
- CWF and Hi-bright UWF are among the fastest growing paper grades in India

## Summary of Bilt positioning

UWF capacity ('000 Mt)



CWF capacity ('000 Mt)



<sup>1</sup> Capacity only for writing and printing paper grades.

Source: Pöyry.

# India - primarily a domestic paper market with limited imports

India is a unique market dominated by local players, and difficult for international competitors to enter.

## Unique Indian attributes

### Market size and fragmentation

- Indian market is relatively small and hence less attractive for international competitors
- The market is fragmented and typical orders are less than 10 Mt requiring sophisticated production planning and delivery management

### Regulation

- Industry regulatory environment acts as a significant barrier to foreign entry to the market

### Logistics

- Small and frequent orders require extensive logistics organization
- Network of several mills makes logistics easier to handle

### Lack of intermediaries (merchants)

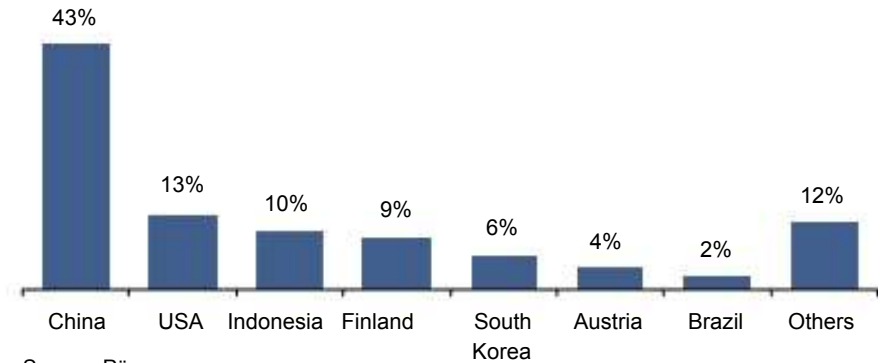
- There are no large established independent merchants
- Building a meaningful market position through number of small distributors is difficult to achieve

### Limited available land mass

- The Indian sub-continent offers limited scope for securing a domestic wood supply due to Government regulation

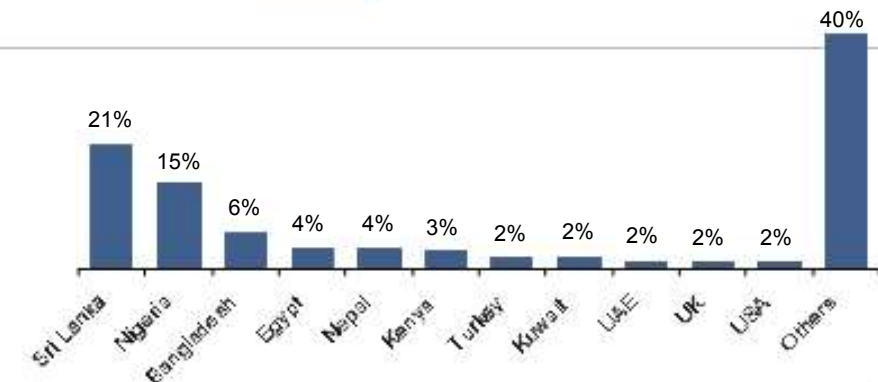
## India import / export balance (% country share) - 2009/10

CWF and UWF Imports (165,000 Mt, i.e., c.5% of demand)



Source: Pöyry.

CWF and UWF Exports (191,000 Mt, i.e., c.6% of production)

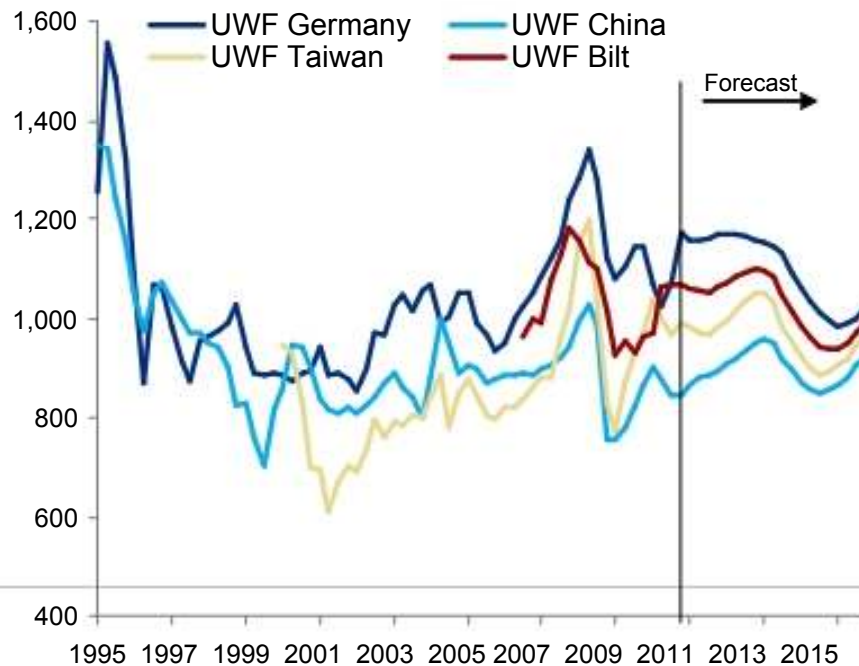


Source: Pöyry.

# Stable domestic pricing development - at premium to imports

Consistent demand, capacity shortage, and limited imports have implied less volatile pricing than in international markets. Quality product, leading domestic position and an extensive distribution network determine the pricing.

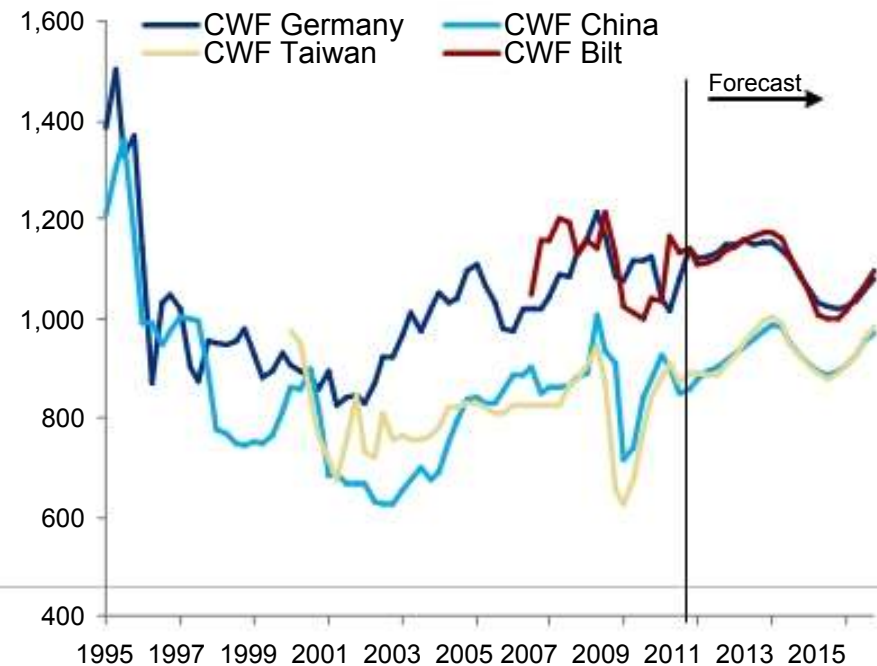
Uncoated woodfree (USD/Mt)<sup>1</sup>



Source: Pöyry.

As per Dec 2010, Bilt domestic UWF prices were c.10% above import price levels

Coated woodfree (USD/Mt)<sup>2</sup>



Source: Pöyry.

As per Dec 2010, Bilt domestic CWF prices were c.20% above import price levels

Source: Pöyry.

<sup>1</sup> B-Copy delivered to Germany, imported copy paper in China (excl. VAT), UWF offset paper delivered in Taiwan, Bilt TA NSD Brand 70 gsm hi-bright sheets delivered to Mumbai.

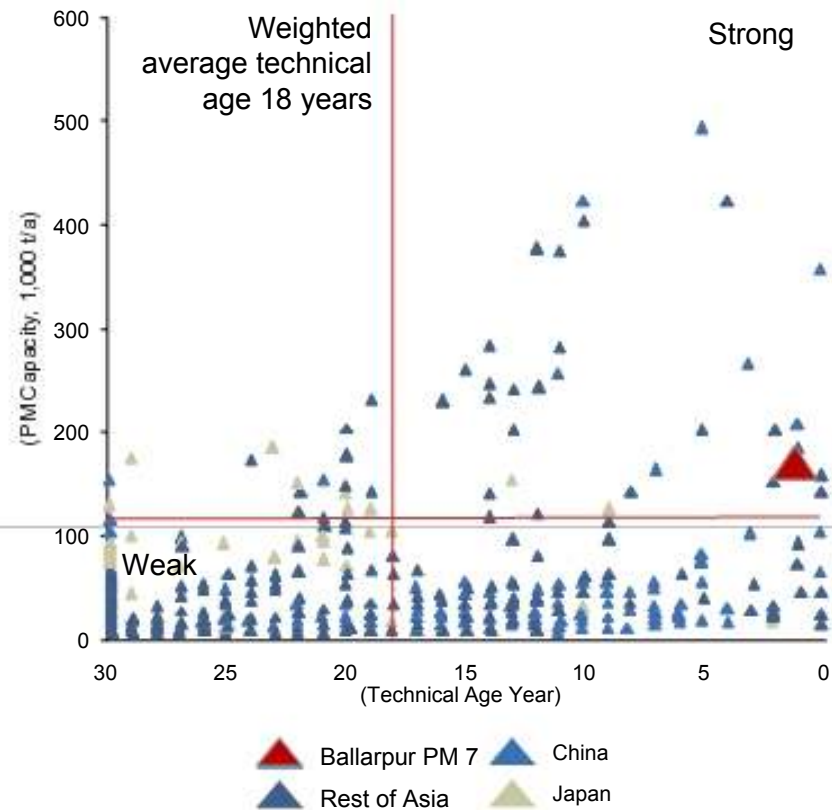
<sup>2</sup> CWF prices in Germany and Taiwan are on delivered terms, Chinese prices are imported CWF (excl. VAT) CIF; Bilt Royal 130 gsm delivered to Mumbai.



# Industry structure - Asia paper machinery

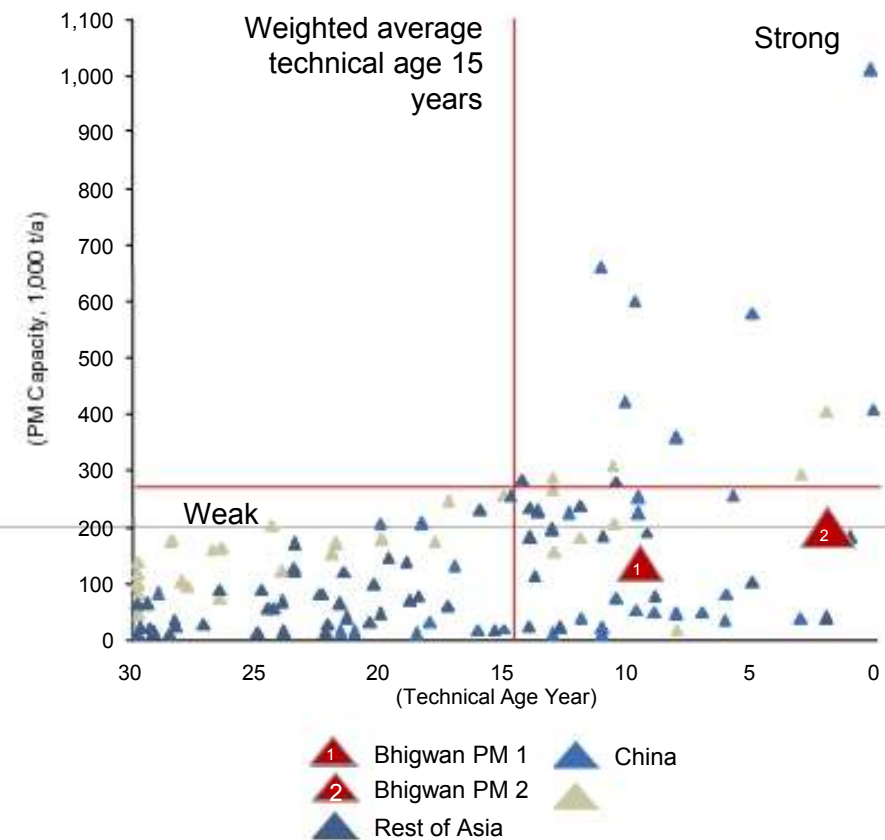
Bilt has state of the art machinery with machine sizes optimised to serve the local market.

## Uncoated woodfree



Source: Pöyry.

## Coated woodfree

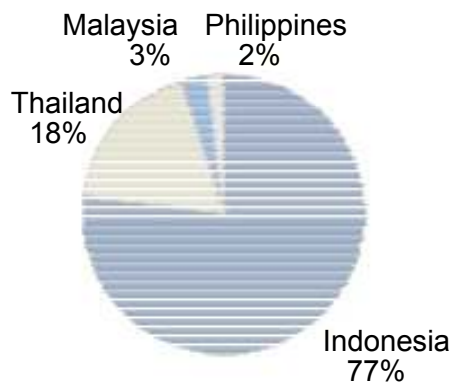


Source: Pöyry.

# Uncoated woodfree paper in South East Asia

Indonesia is by far the largest producer and consumer of uncoated woodfree paper in SE Asia.

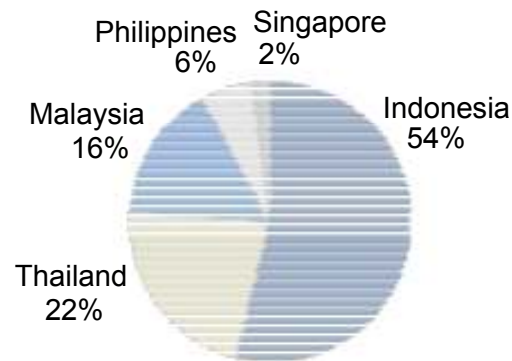
2009 Production by Country



Total Production: 4.9 mn Mt

Source: Pöyry.

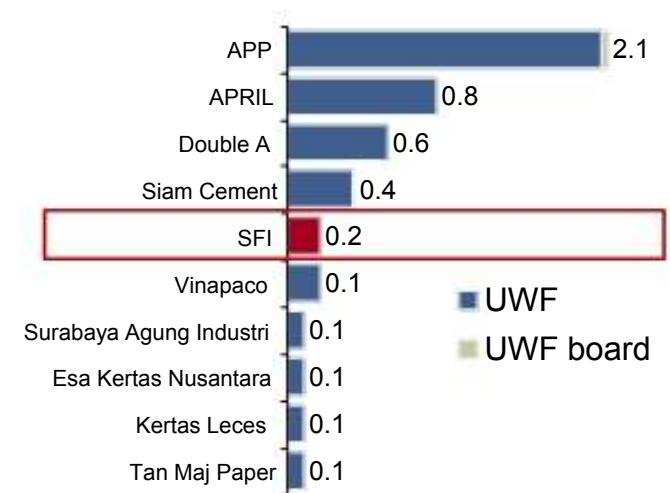
2009 Consumption by Country



Total Consumption: 2.4 mn Mt

Source: Pöyry.

Top SE Asia UWF Producers (mn Mt)



Source: Pöyry.

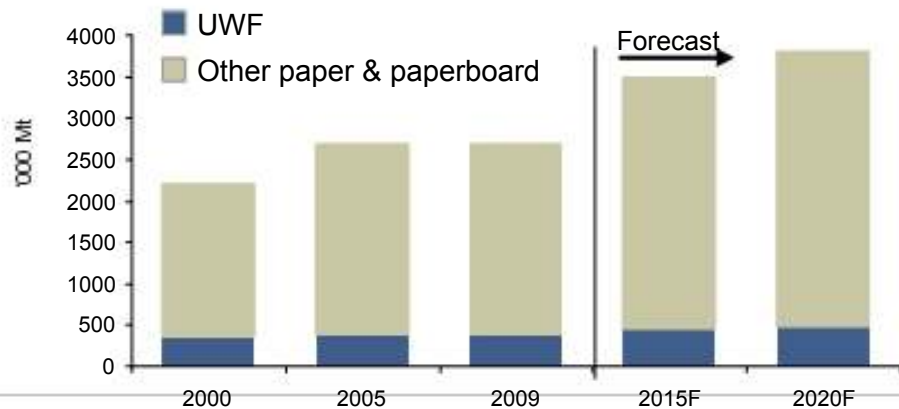
- Indonesia is the largest market for UWF paper in Southeast Asia, accounting for more than half of the region's consumption
- Total consumption of UWF paper in South East Asia grew by 1.1 mn Mt or 4.7% per annum, from 1995 to 2009
- Indonesia is also the largest producer, accounting for 77% UWF paper production in the region

# Uncoated woodfree paper demand in Malaysia

The Malaysian uncoated woodfree paper market is mature and is forecast to grow at 1.7% CAGR in 2009-2020.

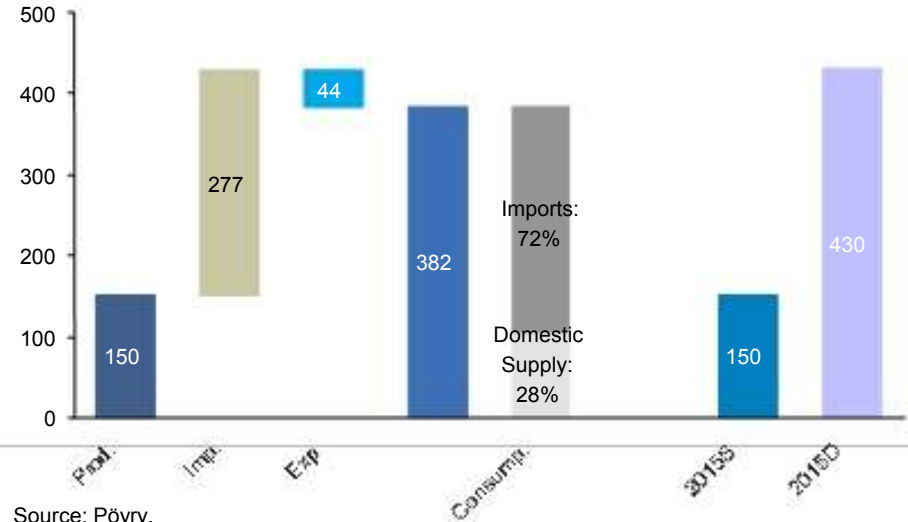
Paper and Paperboard Demand in Malaysia

	2000	2005	2009	2015f	2020f
UWF	344	403	382	430	460
Other Paper	1,870	2,315	2,351	3,083	3,355
<b>Total</b>	<b>2,214</b>	<b>2,718</b>	<b>2,733</b>	<b>3,513</b>	<b>3,817</b>



Source: Pöyry.

UWF demand and supply ('000 Mt) for 2009



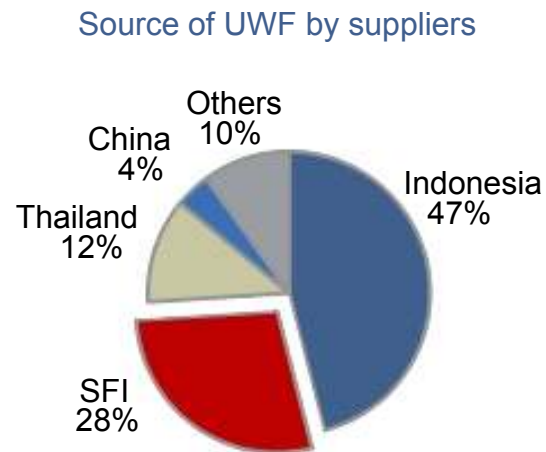
Source: Pöyry.

- Malaysian paper market is mature
- Total paper and paperboard demand is forecast to grow at 3.1% per annum
- UWF at 1.7% per annum from 2009 to 2020
- Malaysian UWF supply is expected to remain flat with no new capacity until 2015

# Competitive structure of the Malaysian UWF market

SFI is the only local producer with a 73% market share in non-surface sized UWF paper. Due to the lack of domestic manufacturers and its geographic location, Malaysia is primarily an import market.

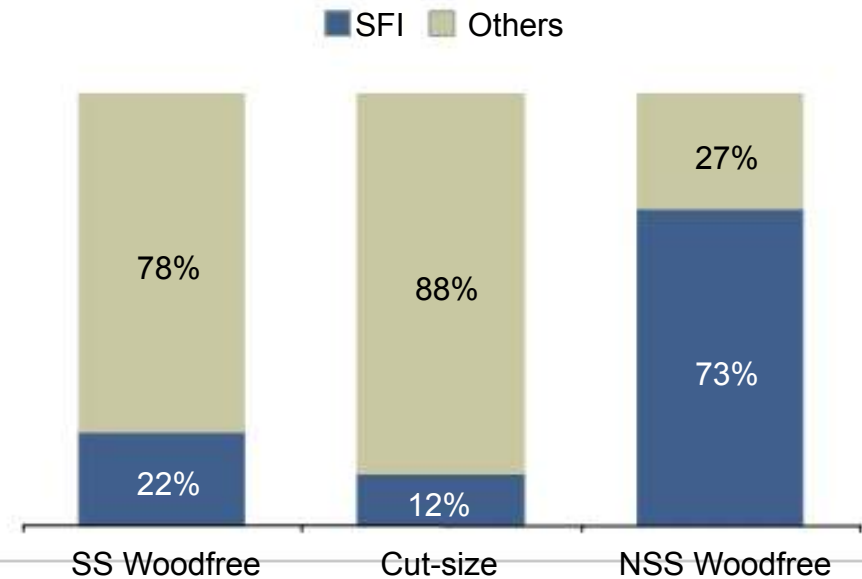
Market share 2009 - by source



Market size: 382,000 Mt

Source: Pöyry.

UWF supply - by grades (2009)

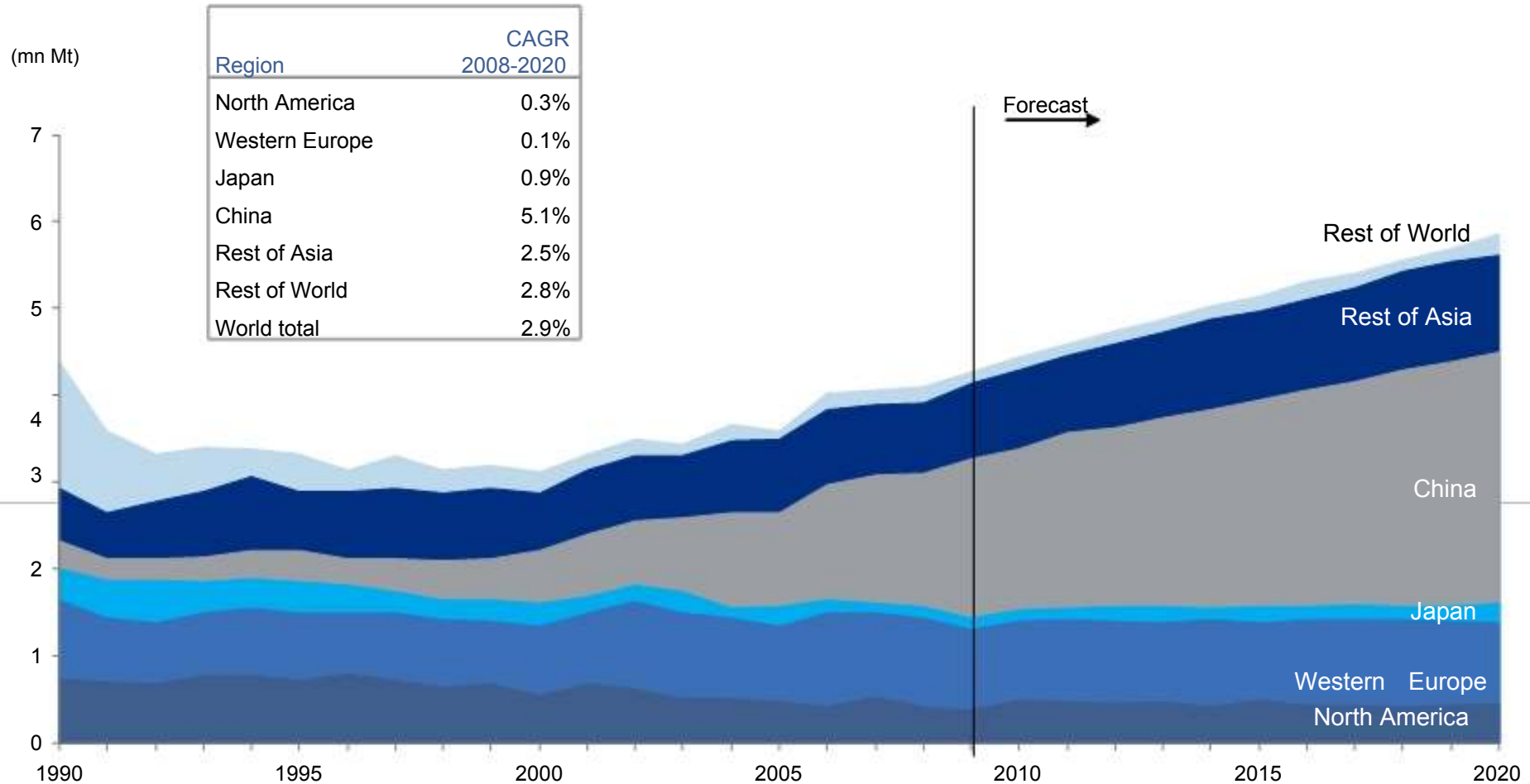


Source: Pöyry.

- UWF market in Malaysia is dominated by foreign imports
- Indonesian companies such as APP and APRIL are the largest suppliers

# Global demand for dissolving pulp

Global demand for dissolving pulp is expected to grow from 4.2 mn Mt in 2009 to 5.8 mn Mt in 2020 representing a CAGR of 2.9%.

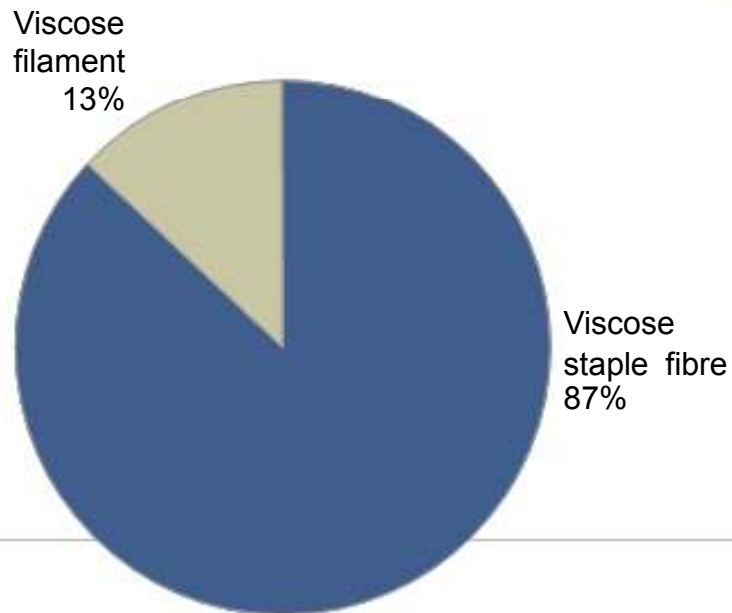


Source: Pöyry.

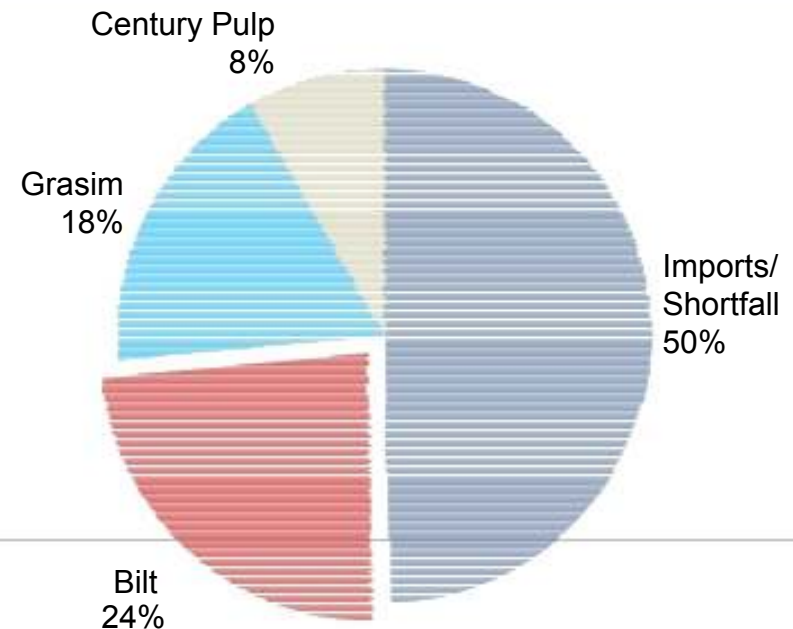
# India - Demand and supply of dissolving pulp

Demand for dissolving pulp in India is 403,300 Mt whereas production is only half of that amount. The rest is imported. Bilt is the leading domestic producer with a 24% market share.

Demand by main end use (2010)



Supply/demand balance (2010)



Market size: 403,300 Mt

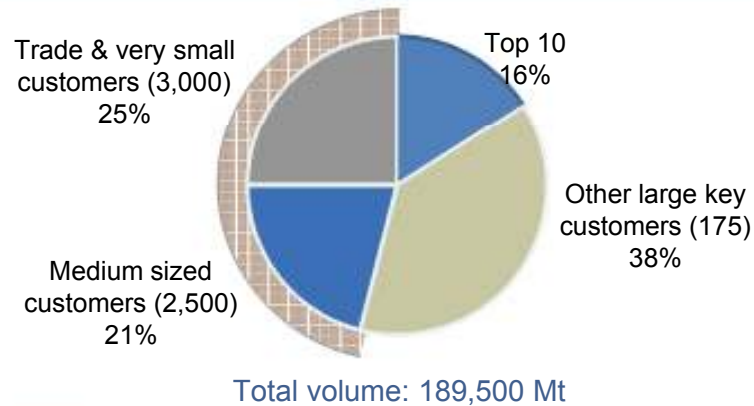
Source: Pöyry.

Note: As a result of export restrictions, Bilt has historically only sold rayon grade pulp to a single customer.

# Overview of Bilt's customer structure

The customer structure of Bilt is fragmented as the company specifically targets the small to medium sized accounts to allow for optimal utilisation of plants and to achieve premium pricing.

## Bilt's India customer structure-coated woodfree<sup>1</sup>



⇒ 46% of sales are generated by 5,500 customer accounts

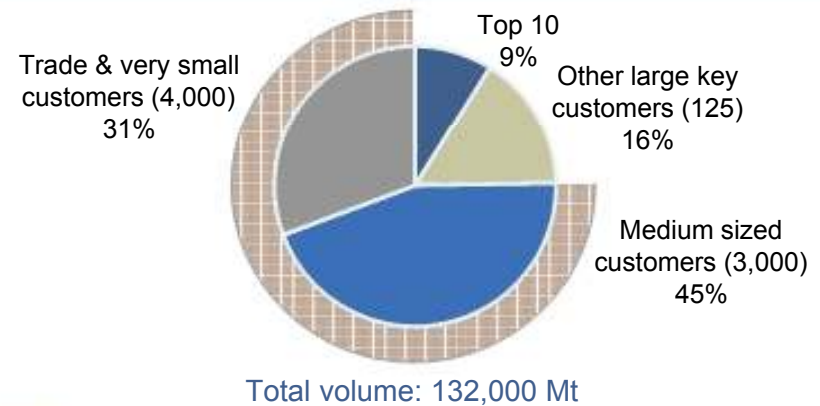
Source: Bilt.  
<sup>1</sup> 2009/10; based on sales volume.

## Key order facts - coated woodfree from Bhigwan unit

Average order size	6.7 Mt
Percentage of order volume of 10 Mt and below	53%
Average no. of orders/month	2,985
Percentage of no. of orders of 10 Mt and below	89%

Source: Bilt.  
 Note: Includes entire production from Bhigwan unit, including small orders of products other than coated woodfree paper

## Bilt's India customer structure-hi-bright uncoated woodfree<sup>1</sup>



⇒ 76% of sales are generated by 7,000 customer accounts

Source: Bilt.  
<sup>1</sup> 2009/10; based on sales volume.

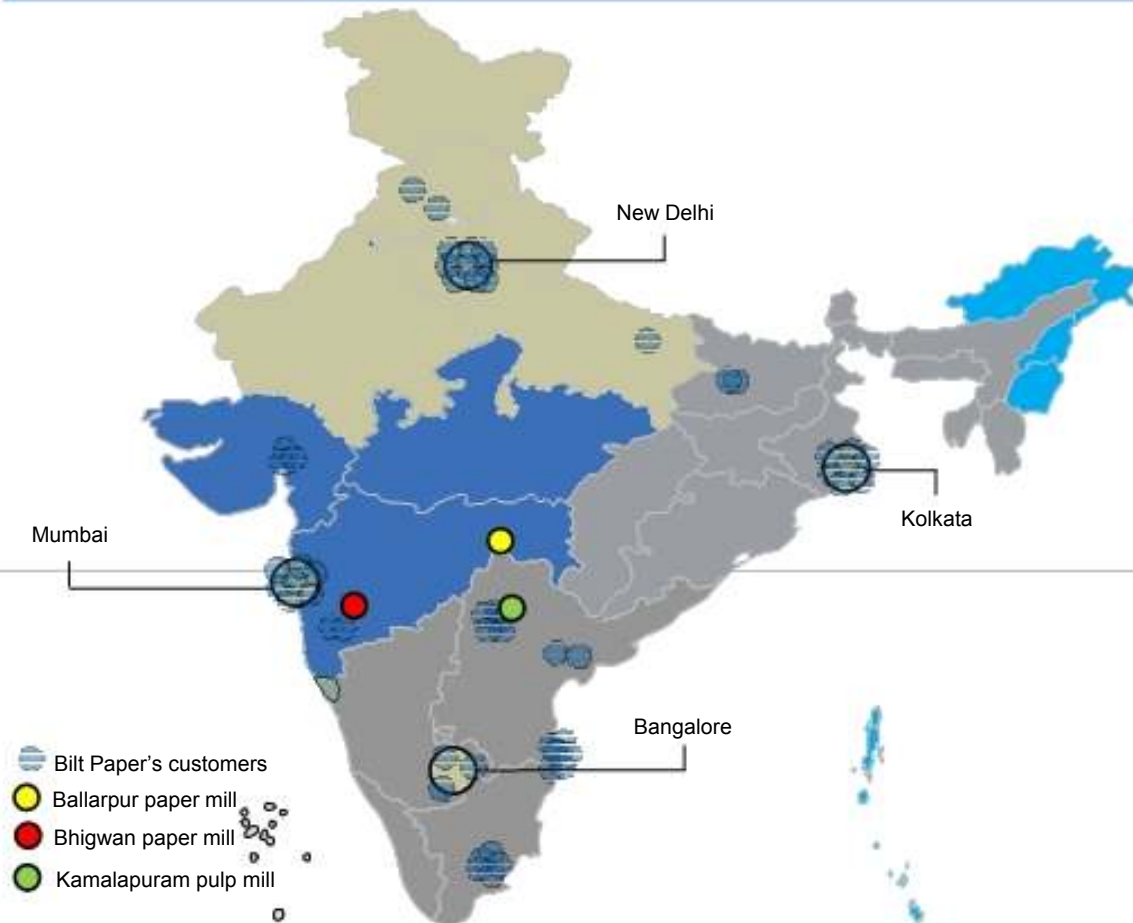
## Key order facts - uncoated woodfree

Average order size	6.1 Mt
Percentage of order volume of 10 Mt and below	57%
Average no. of orders/month	2,417
Percentage of no. of orders of 10 Mt and below	89%

# Bilt's customer distribution across India

Geographically, Bilt's customer base is spread out widely across India.

Location of Bilt's top 100 customers



Source: Bilt.

Road distances from paper mills

City	Road distance to Ballarpur (miles)	Road distance to Bhigwan (miles)
Ahmedabad	666	473
Bangalore	622	584
Chandigarh	906	1,127
Chennai	603	756
Delhi	734	954
Gorakhpur	654	1,076
Guntur	372	571
Hyderabad	267	405
Jalandhar	983	1,204
Kolkata	723	1,211
Mumbai	577	172
Patna	690	1,113
Pune	460	64
Sivakasi	928	894
Vijayawada	348	572

Source: <http://maps.google.com>

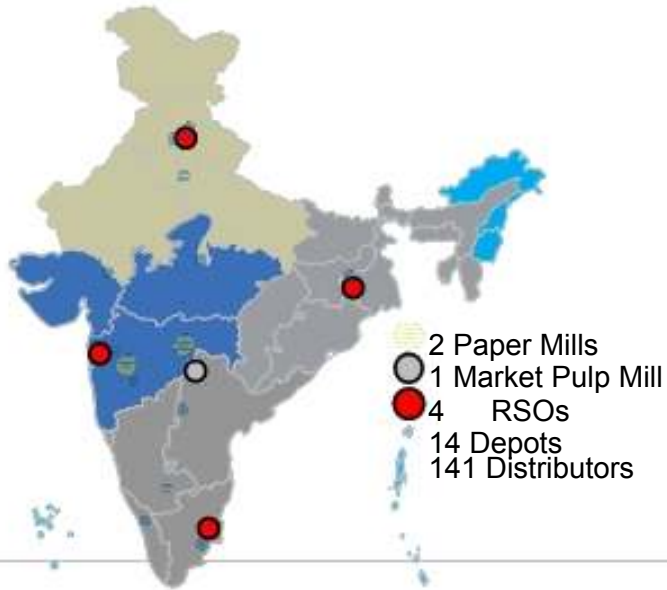
Note: Ballarpur is located near Chandrapur, Maharashtra, India  
Bhigwan is located near Pune, Maharashtra, India



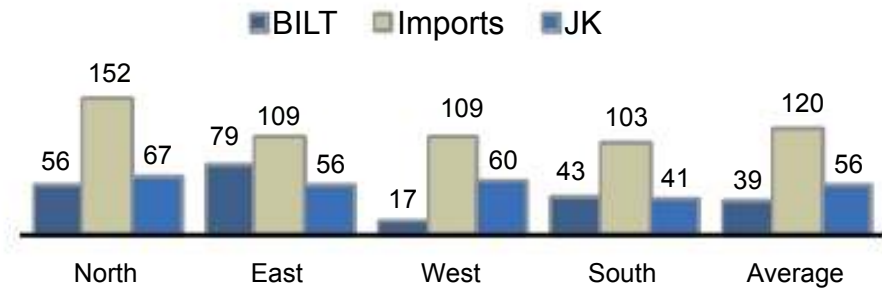
# Bilt's distribution system at a glance

Bilt's unique distribution system is a paramount component of the company's approach to service the broad customer base quickly and cost efficiently.

## Distribution points

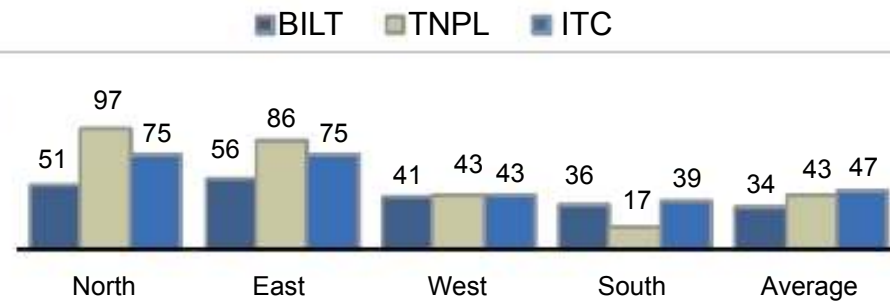


## Cost of shipment-coated paper India (USD/Mt)



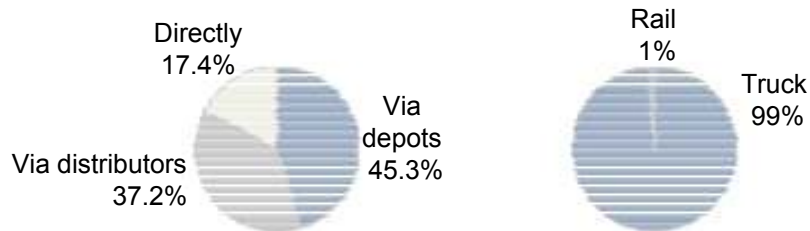
Source: Bilt.

## Cost of shipment-uncoated paper India (USD/Mt)



Source: Bilt.

## Bilt Indian distribution statistics 2009/10 by volume



Source: Bilt.

# Overview of Bilt's distribution structure

Bilt operates a multi-tier distribution system but most of the production is sold via exclusive distributors. Company plans to increase direct communication with customer.

Characteristics	Order size composition (Mt)	No. of distributors	% of volume today <sup>1</sup>	% of volume in the future <sup>2</sup>
<b>Exclusive distributors</b> <ul style="list-style-type: none"> <li>• Exclusively distributes Bilt products across the country</li> <li>• Commitment on volume and growth</li> <li>• Incentive bonus from Bilt</li> <li>• Key channel for cross-selling ambitions</li> </ul>		54	54 %	→ 59 %
<b>Multi-brand distributors</b> <ul style="list-style-type: none"> <li>• Also sell competing products</li> <li>• No commitment on volume and growth</li> <li>• Limited protection from adverse customer and market conditions</li> <li>• Important channel for Bilt to service small to medium-sized customers</li> </ul>		87	24 %	→ 20 %
<b>Direct interface</b> <ul style="list-style-type: none"> <li>• Direct trading and selling operations of Bilt</li> <li>• Mainly focused on large customers</li> </ul>		n/a	3 %	→ 6 %
<b>Export</b> <ul style="list-style-type: none"> <li>• Exporting to 70 countries with focus on Africa and Middle East</li> <li>• Important channel to fill capacity especially after expansion projects</li> </ul>		n/a	19 %	→ 15 %

Source: Bilt.

<sup>1</sup> Overall distribution figures; India - Domestic and export.

<sup>2</sup> Indicative target for year 2015.

# Marketing and communication strategy

Supported by the well established Bilt brand, the company's marketing and communication strategy focuses on high product quality.

## Market leading brand positioning

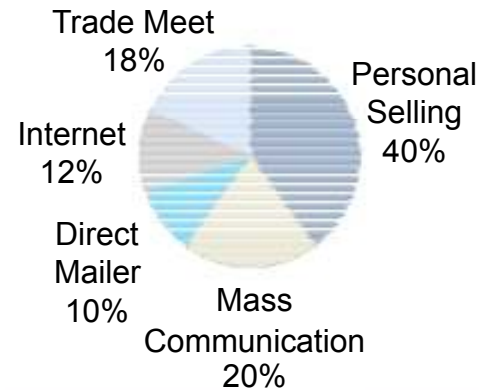
- Well recognised and coveted Bilt umbrella brand
- Broader brand portfolio to address different market segments
- Captive distribution network further strengthening brand awareness



Bilt has been recognized as a "Superbrand" in the "Paper" product category by Superbrands India for the last six years



## Communication strategy



- Targeted communication strategy to focus on individual customer groups
- Regionally different communication strategy

## Advertising



## Trade meet

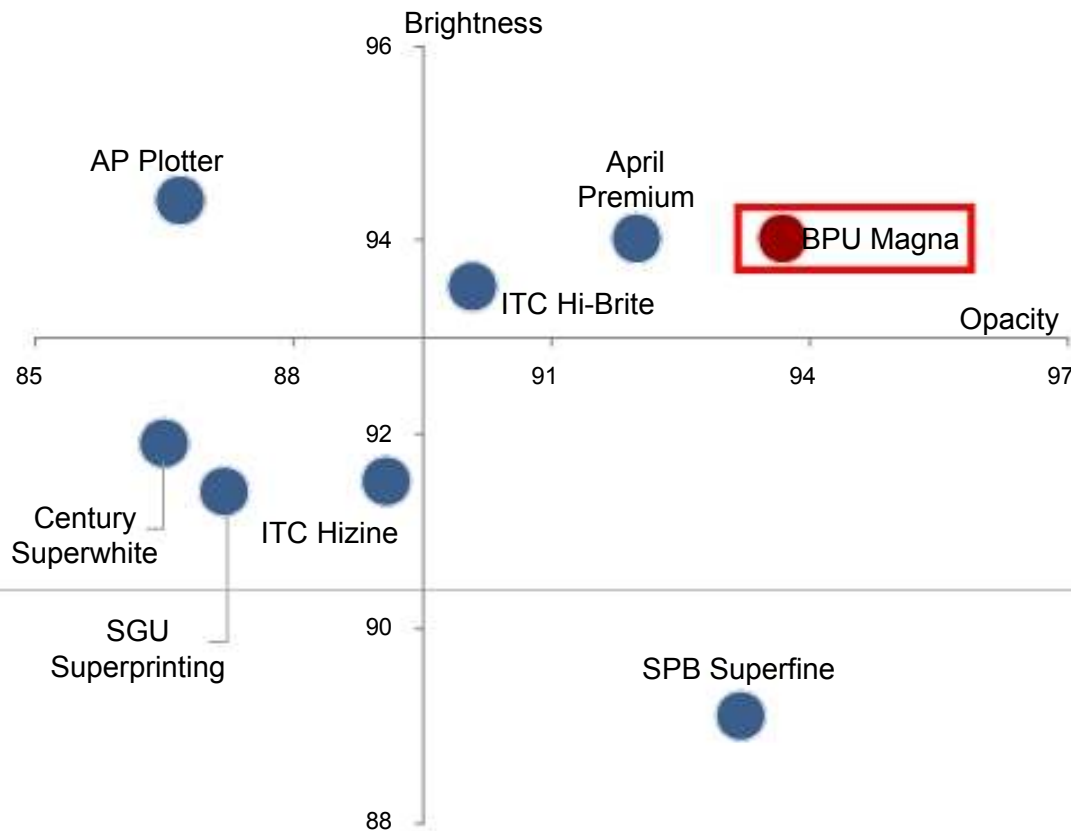


# Product offering and quality

Superior product quality differentiates Bilt from its competitors.

## Benchmarking - Uncoated woodfree

## Superior product quality



- Consistently high product quality, benchmarked against top international brands
- Regular product quality upgrades through adoption of new process Technologies
- World class, state of the art equipment and machinery
- Product benchmarking of Hi-bright and coated woodfree papers with competing products is done twice a year
- High quality products paramount to keep premium brand position and superior pricing power

Source: Bilt.

# Unique customer service

Bilt is able to provide better service than smaller domestic competitors and imports.

## Ability to offer odd-sizes

- High operational flexibility and ability to handle smaller orders and odd-size customer requests
- Servicing of all GSMs and sizes
- 40% of total paper produced in Bhigwan mill is odd-sized in 2009/10
- Committed to high paper quality and fast delivery even for odd-sized paper
- Positions Bilt as true solutions provider

## Ability to reach remote locations

- Largest multi-tier distribution network across India (141 distributors) to access fragmented Indian market
- Majority of product shipment carried out by road (in trucks or containers) which allows access to remote areas in India
  - Hardship allowance for employees working at remote factory locations



## Short delivery times

- 15 days average from order to delivery
- Multi-locational production facility and distribution network
- Excellent project management capabilities and On Time in Full (OTIF) track record of orders
- OTIF score for Ballarpur mill increased from 60 in 2007/08 to 86 in 2009/10<sup>1</sup>

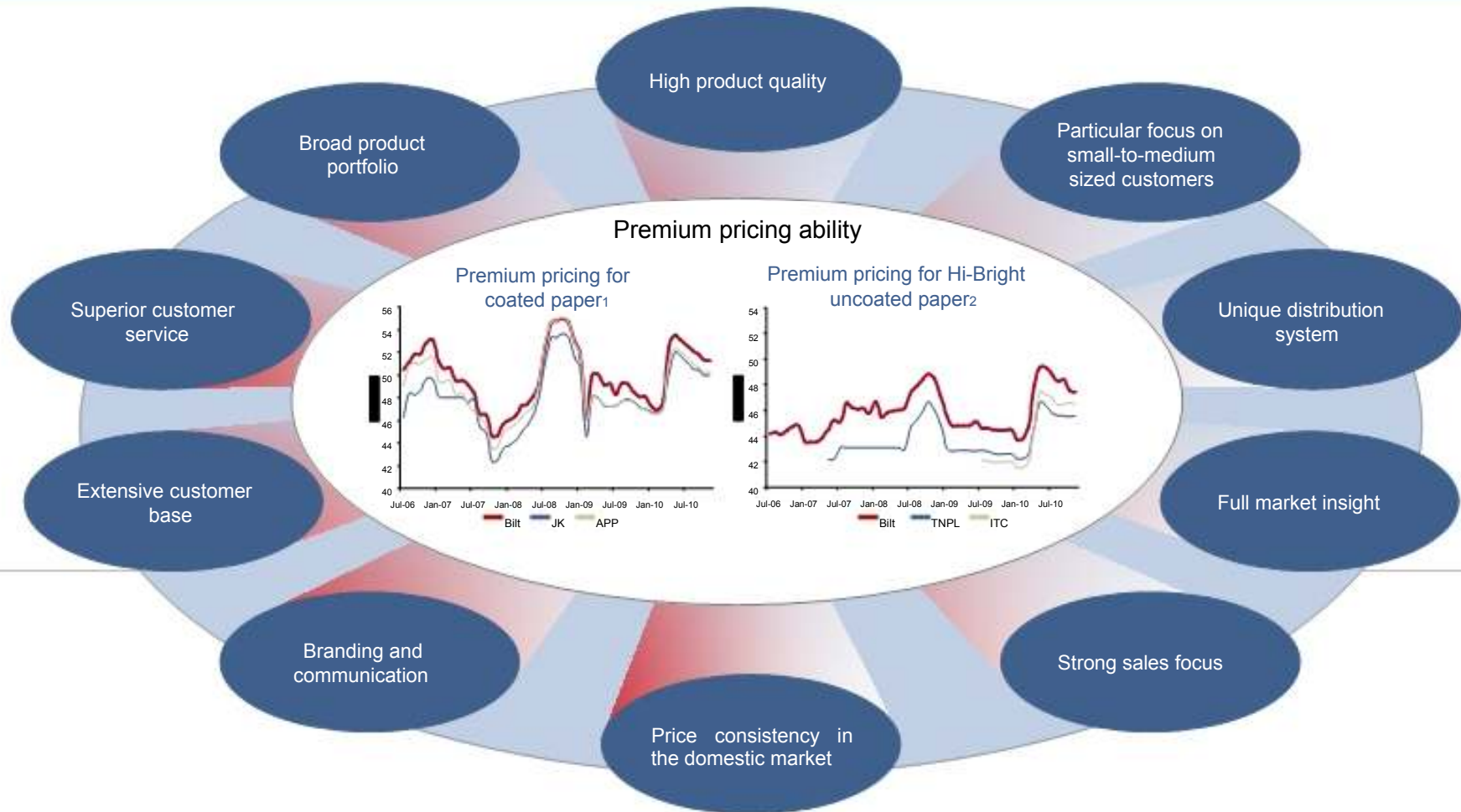
## Comprehensive after-sales service

- Comprehensive complaints department. It looks into the product complaints and assesses the product failure losses
- Support product improvements, conduct print trials of new products to establish its quality with respect to competitors
- Educates the sales team and dealers on product quality and its applications
- Time frame for complaint settlement is 30 days

<sup>1</sup> Represents On Time In Full.

# Premium pricing strategy and growing market share

Bilt's high quality products and unique domestic marketing and distribution strategy are key strategic elements to achieve premium pricing and to further expand its market positioning.



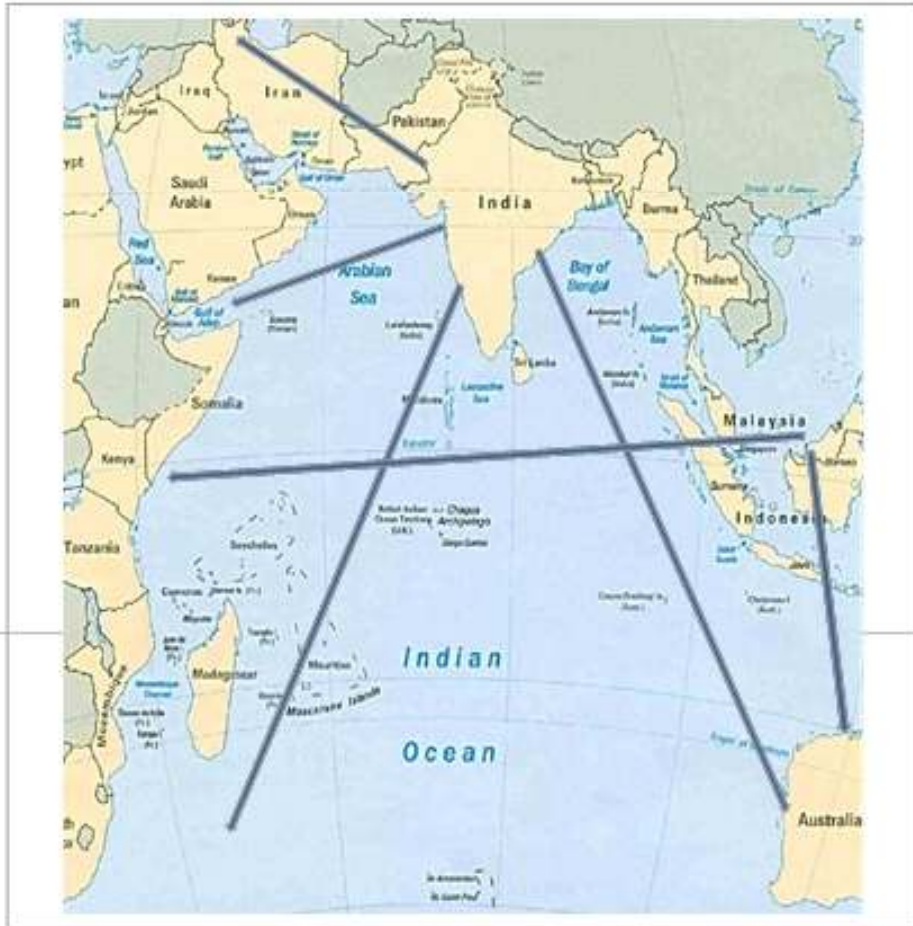
Source: Bilt.

<sup>1</sup> Market Operating Prices for C2S 111 gsm at Bhiwandi (Mumbai) in INR/kg.

<sup>2</sup> Market Operating Prices for Hi-bright 70 gsm at Bhiwandi (Mumbai) in INR/kg.

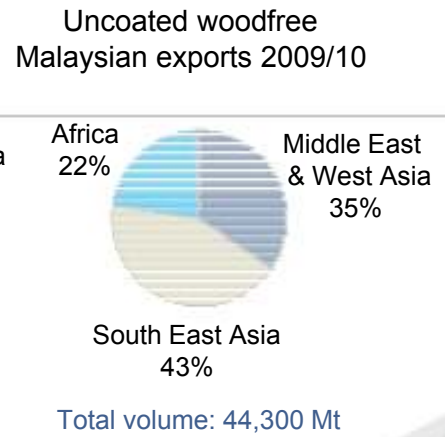
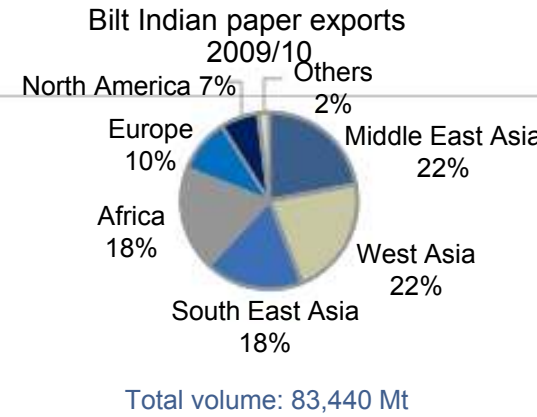
# Export strategy

The export markets are open for Bilt to exploit due to the high quality of its paper products and competitive pricing strategies compared to its international peers.



## Export market

- Exports are mainly used to strategically balance demand and supply in the Indian market
- Exports have been used to evacuate excess volumes in order to maintain/optimize domestic value and prices especially in times when capacity expansions were undertaken
- India and Malaysia well located geographically to supply Middle East, Africa and the South East Asian paper markets
- SFI exports to 33 countries in the Middle East, South East Asia and Africa



Source: Bilt.

Source: Bilt.

# Bilt - operational overview

Bilt operates an integrated network of four unique mills in India and Malaysia.

'000 tpa	Capacity (2009/10)	Capacity (2013/14)	Comments	Map of locations
Ballarpur	<ul style="list-style-type: none"> <li>Paper: 300</li> <li>Pulp: 130</li> </ul>	<ul style="list-style-type: none"> <li>Paper: 340</li> <li>Pulp: 300</li> </ul>	<ul style="list-style-type: none"> <li>Focus on uncoated wood free paper</li> <li>Ideal central location in the middle of India</li> </ul>	
Bhigwan	<ul style="list-style-type: none"> <li>Paper: 315</li> <li>Pulp: Nil</li> </ul>	<ul style="list-style-type: none"> <li>Paper: 650</li> <li>Pulp: Nil</li> </ul>	<ul style="list-style-type: none"> <li>State-of-the art mill for high quality coated wood free paper</li> <li>Location of new 300,000 tpa paper board machine</li> </ul>	
Kamalapuram	<ul style="list-style-type: none"> <li>Paper: Nil</li> <li>Pulp: 99</li> </ul>	<ul style="list-style-type: none"> <li>Paper: Nil</li> <li>Pulp: 99</li> </ul>	<ul style="list-style-type: none"> <li>Rayon grade pulp production for external sale</li> <li>Ability to switch to paper grade pulp (Hardwood)</li> </ul>	
SFI	<ul style="list-style-type: none"> <li>Paper: 144</li> <li>Pulp: 120</li> </ul>	<ul style="list-style-type: none"> <li>Paper: 144</li> <li>Pulp: 240</li> </ul>	<ul style="list-style-type: none"> <li>Acquired by Bilt to secure pulp and fibre supply for Indian operations</li> <li>Plans to double timber production over next years</li> <li>Forests of 288,293 ha of which ~40% is dedicated for plantation</li> <li>Wood available from own forests</li> </ul>	
Total	<ul style="list-style-type: none"> <li>Paper: 759</li> <li>Pulp: 349</li> </ul>	<ul style="list-style-type: none"> <li>Paper: 1,134</li> <li>Pulp: 639</li> </ul>	<ul style="list-style-type: none"> <li>Integration in 2009/10: 56%</li> <li>Integration in 2012/13: 91% (100% on Hardwood)</li> </ul>	

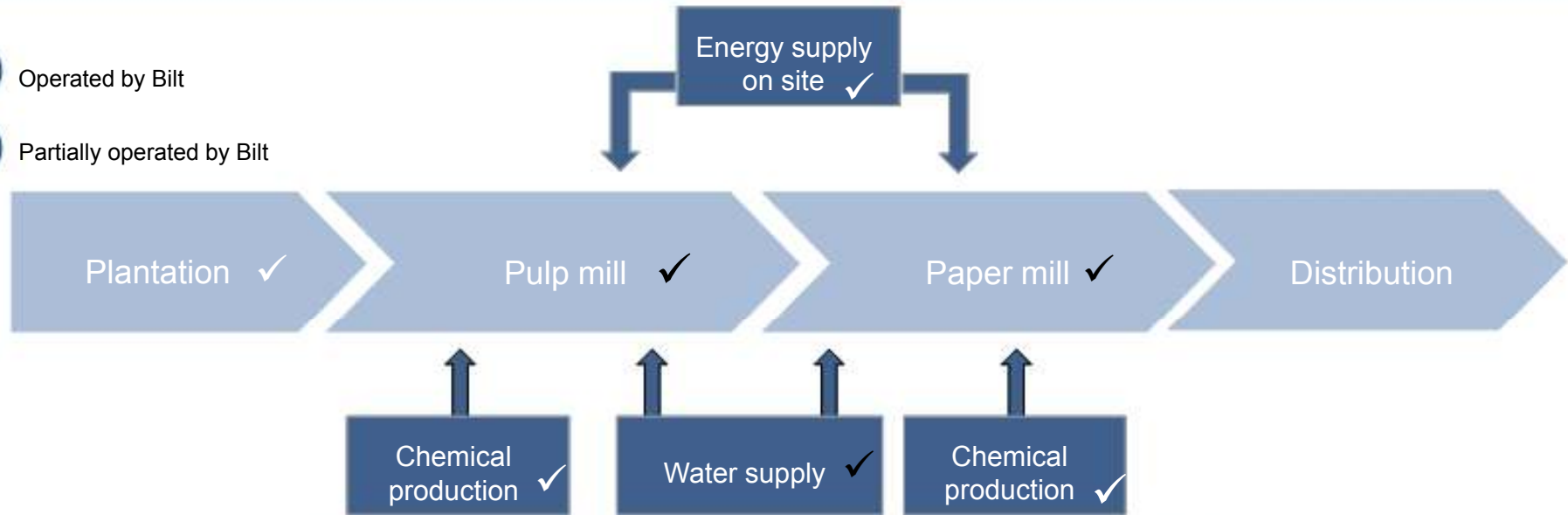
Source: Bilt.

Note: Capacity information as of respective year end.



# Operations along the value chain

- ✓ Operated by Bilt
- ✓ Partially operated by Bilt



- SFI operations comprise of 288,293 ha of forest
- Plans to increase annual plantation significantly at SFI
- Farm forestry operations in India



- 3 out of 4 mills produce pulp
- Current capacity: 348,550 tpa<sup>1</sup>
- Kamalapuram only site with 3rd party sales of rayon grade pulp
- Capacity expansion to 638,550 tpa in 2011/12<sup>1</sup>
- In 2012/13, 91% pulp integration to be achieved<sup>2</sup>



- 3 out of 4 mills produce paper
- Current paper capacity of 758,710 tpa
- Expansion plan to increase capacity to 1,133,710 tpa by the end of 2013/14
- Integrated production structure includes captive energy, water and chemicals



- Operates unique distribution network
- Operates with 141 distributors in India, of which majority works on exclusive basis
- In Malaysia, operates through 55 widely spread distributors



Source: Bilt.

Note: Capacity information as of respective year end.

<sup>1</sup> Includes 99 ktpa of rayon grade pulp capacity at Kamalapuram unit.

<sup>2</sup> 100% hardwood integration.

# Ballarpur Unit-Highlights



## Distances

Railway siding	30km
Coal mines	40km
Port	800km
Raw material procurement radius	100-700km

- ✓ Largest plant for Hi-bright uncoated woodfree paper in India
- ✓ Integrated facility in the central part of India
- ✓ Low cost producer due to integration and location
- ✓ On-site chemicals production and energy supply
- ✓ Recently installed PM7, one of the highest capacity paper machines in India today
- ✓ Track record of reducing operating costs
- ✓ Long-term bamboo supply contract with the government<sup>1</sup>

<sup>1</sup> Existing agreement between government and Ballarpur but expected to get contract subsequently transferred to Bilt.

# Ballarpur Unit-Overview

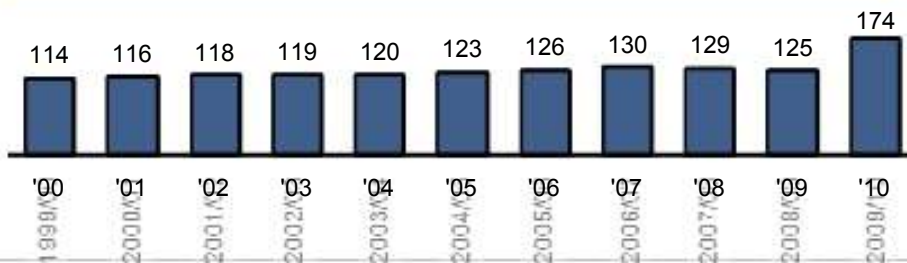
The Ballarpur plant is an integrated mill and has been the key hub since the company's inception.



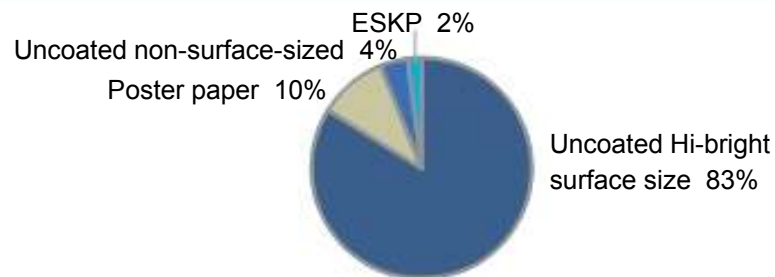
## Paper capacity overview

Machine	Make	Year	Latest upgrade	Capacity ('000 tpa)
PM-1	Inglis	1953	2005	20
PM-2	Voith	1962	1962	10
PM-3	Voith	1962	1991	55
PM-4	Alimand	1965	1965	15
PM-5	Bertram	1972	1972	10
PM-6	Bertram	1983	1983	25
PM-7	Alimand	2009	2009	165
Total				300

## Paper production volume ('000 Mt)



## Products produced by volume 2009/10



## Pulp production

- Own pulp production with current capacity of 130,000 tpa
- Fibre supply from local bamboo and wood sources. Long term bamboo contracts with the Government<sup>1</sup>
- Pulp capacities currently being increased to 300,000 tpa through a purchase of a pulp mill of Metso from Kaskinen, Finland. Existing pulp mill of 130,000 tpa to be scrapped

Source: Bilt.

<sup>1</sup> Existing agreement between government and Ballarpur but expected to get contract subsequently transferred to Bilt.

# Case study: Recent Capacity Expansion

The successful installation of PM 7 at Ballarpur in 2009 proved Bilt's strong project management capabilities with respect to capacity expansions as the project was completed within planned costs and timeliness.

## BPU: PM 7

Timetable hit perfectly	Effective date of order: Nov 26th, 2007	Target date	Achieved date
	Stock on Wire	Jul 30th, 09	Jul 22nd, 09
	Paper on Reel	Jul 15th, 09	Jul 29th, 09
Stringent project cost management	Budgeted Cost:	INR 6,148 mn	
	Actual Cost:	INR 6,081 mn	
Perfect management of external firms involved	Overall approx. 25 external firms involved		
			
Efficient project management structure	Approved Mgmt Staff:	37	
	Actual Mgmt Staff (at peak):	28	

## Project Execution Pictures



Project Site at the start of the Project



Various Stages of Civil Work at Site



Mechanical Erection Work at Site



PM 7 After Project Completion

- Close co-ordination between external agencies and the Bilt team has led to an efficient execution of the project
- As a result, the project was executed within the budgeted cost and timelines

Source: Bilt.

# Ballarpur pulp mill expansion project

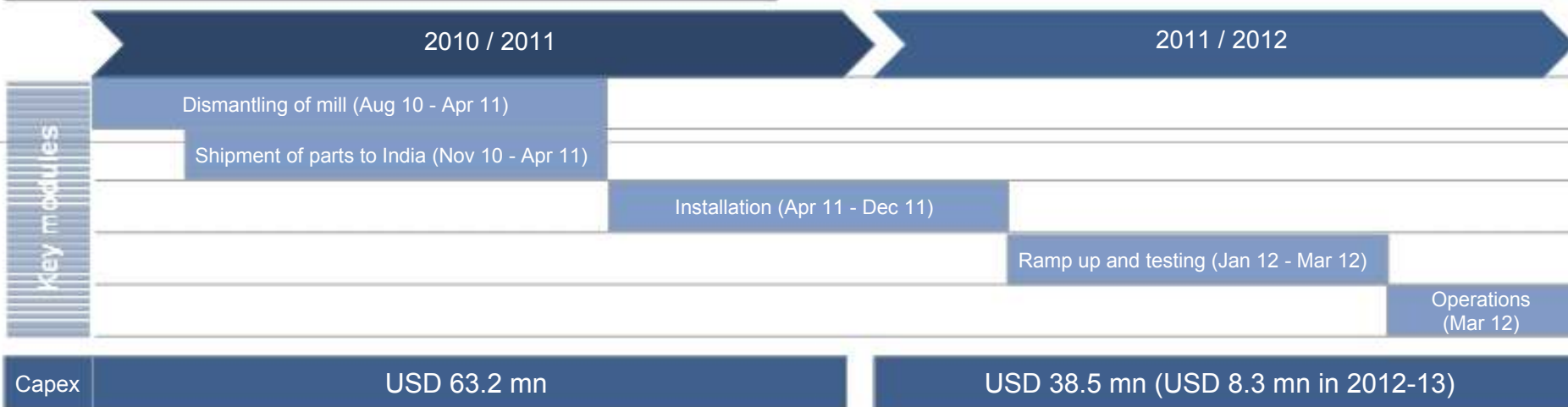
Through the installation of the acquired pulp mill by 2012, Bilt expects to more than double its hardwood pulp capacity at the Ballarpur site.

## Key facts

Installed Capacity	300,000 tpa
Additional capacity	170,000 tpa (Existing pulp capacity will be scrapped)
Products to be produced	Hardwood pulp
Total Capex	USD 110 mn
Return on investment	35% (ROCE), assuming a net benefit of about INR 13,000 PMT and dep. 5%
Financing	<ul style="list-style-type: none"> <li>• Proceeds from IPO</li> <li>• Operating cashflow</li> </ul>
Current status of project	<ul style="list-style-type: none"> <li>• Under installation, to be completed by March 2012</li> </ul>

## Description of the pulp mill

- In operation since 1977
- Source: Kaskinen, Finland
- Age: 33 years
- Acquisition cost: EUR 13 mn
- (EUR 23 mn incl. dismantling and transportation)<sup>1</sup>
- Raw material procurement - Long term bamboo contracts with the Government and open market purchases<sup>2</sup>
- New pulp mill with state of the art single continuous cooking digester with single recovery boiler, rotary lime kiln & ECF bleaching sequence that does not require use of chlorine for bleaching



Source: Bilt.

<sup>1</sup> Excluding excise duty and shipment costs.

<sup>2</sup> Existing agreement between government and Ballarpur but expected to get contract subsequently transferred to Bilt.

# De-bottlenecking paper expansion project at Ballarpur

## Key facts

Additional capacity	40,000 tpa
Products to be produced	Hi-bright uncoated woodfree paper
Total Capex	USD 27.5 mn
Return on investment	23% (ROCE) considering about INR 8,600 as EBITDA PMT and 5% depreciation
Financing	<ul style="list-style-type: none"> <li>• Proceeds from IPO</li> <li>• Operating cashflow</li> </ul>
Current status of project	<ul style="list-style-type: none"> <li>• Technical discussions initiated</li> <li>• To be completed by Sep 2012</li> </ul>

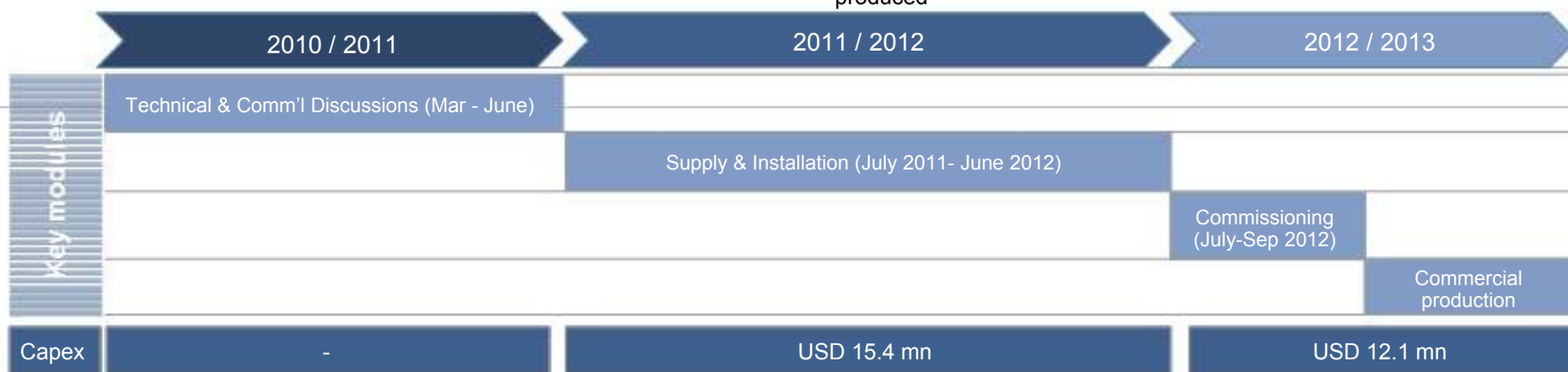
## Equipment installation

- Upgrade of head box and wire port
- Additional paper finishing equipment including rewinder, synchro sheeter and ream wrapping m/c



## Integration

- Pulp capacity of 300,000 tpa<sup>1</sup> sufficient to cater to this increased paper capacity
- Full integration into existing power network on site (no additional generation capacity needed)
- Chemicals preparation facility on site sufficient to handle additional paper produced



Source: Bilt.

<sup>1</sup> After installation of new pulp mill which is expected to be on-stream by March 2012.

# Bhigwan Unit- Highlights



- ✓ Largest mill for coated wood free paper in India
- ✓ Recently installed state of the art machine, PM2
- ✓ Strategic location given proximity to major markets in the West and South of India
- ✓ On-site energy supply
- ✓ Location of new multi-layer paper board machine of 300,000 tpa
- ✓ Recently received Efficiency Improvements of the Year Award from PPI and National Award for Prevention of Pollution

## Distances

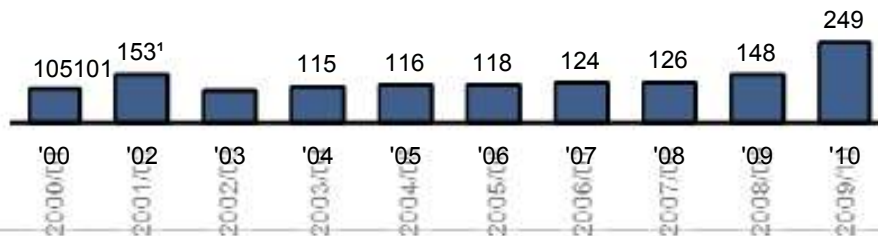
Railway siding	10km
Coal mines	450km
Port	280km

# Bhigwan Unit-Overview

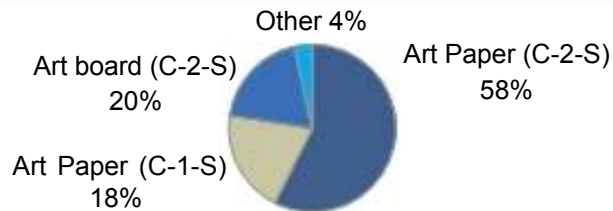
The Bhigwan mill is the largest mill for coated paper in India.



Paper production volume ('000 Mt)



Products produced by volume 2009/10



Source: Bilt.

<sup>1</sup> Production is for 18 months on account of change in financial year 2002.

## Paper capacity overview

Machine	Make	Year	Latest upgrade	Capacity ('000 tpa)
PM-1	Voith	1997	2009	150
PM-2	Voith	2008	-	165
Total				315

## Pulp supply situation

- 2010/11 budgeted paper production will require hardwood pulp of 130,000 Mt and softwood pulp of 30,000 Mt
- Currently, all pulp requirements are sourced externally from overseas suppliers
- From July 2011 onwards hardwood pulp will be supplied by SFI and from March 2012 onwards also from Ballarpur



# De-bottlenecking paper expansion project at Bhigwan

## Key facts

Additional capacity	35,000 tpa
Products to be produced	Fine coated paper
Total Capex	USD 27.5 mn
Return on investment	16% (ROCE) considering about INR 7,300 as EBITDA PMT and 5% depreciation
Financing	<ul style="list-style-type: none"> <li>• Proceeds from IPO</li> <li>• Operating cashflow</li> </ul>
Current status of project	<ul style="list-style-type: none"> <li>• Technical discussions initiated</li> <li>• To be completed by Sep 2012</li> </ul>

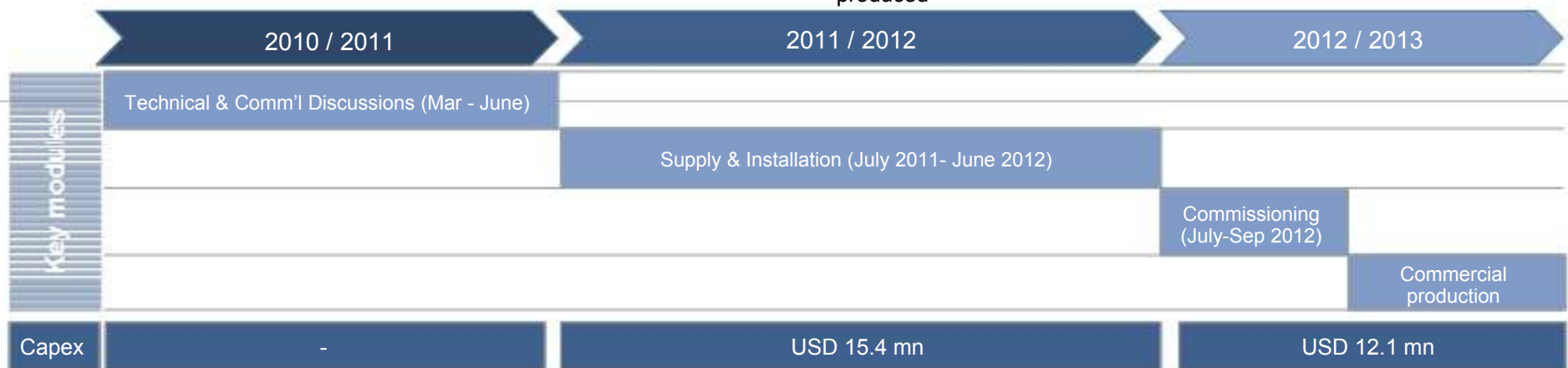
## Equipment installation

- Upgrade of wire part
- Modification in calendering concept
- Additional finishing equipment - sheeter, ream wrapping machine etc.



## Integration

- Pulp supply from SFI, Ballarpur and residual from open market purchases
- Full integration into existing power network on site (no additional generation capacity needed)
- Chemicals preparation facility on site sufficient to handle additional paper produced



Source: Bilt.

# Kamlapuram Unit - Highlights



- ✓ Only rayon-grade market pulp producer in India
- ✓ Ability to switch to hardwood paper grade pulp
- ✓ Long term customer relationship
- ✓ Ideal location given cheap access to energy and water

## Distances

Coal mines	100 km
Raw material procurement radius	600 km
Electricity	Captive power supply

# Kamlapuram Unit-Overview

The Kamalapuram mill is a dedicated pulp mill that produces rayon grade pulp for third party use but the production can be switched to paper grade pulp.



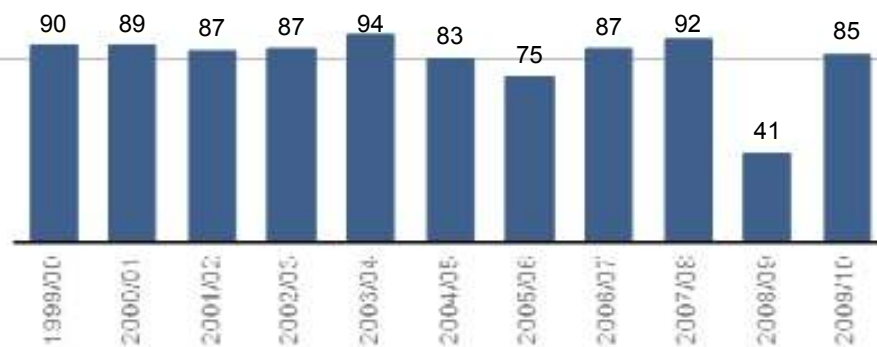
## Comments on rayon grade pulp

- Rayon grade pulp is a specialty pulp of higher quality used in the manufacturing of textiles
- Bilt is the only producer of market rayon grade pulp in India
  - Only few producers globally
- As a result of Indian export restrictions, Bilt has historically only sold rayon grade pulp to a single customer; relationship goes back 22 years
- High operational flexibility due to the ability to switch interchangeably from producing rayon grade pulp to producing paper grade pulp

Total capacity

98,550 tpa

## Rayon grade pulp production volume ('000 Mt)



## Fibre supply

- Around 90% of required pulpwood is sourced from market purchases and from small farmers' farm forestry plantation
- Balance 10% is sourced from government forest auctions
- Kamalapuram sources hardwood, the main raw material for its pulp product, from the catchment area within Andhra Pradesh and the nearby states of Tamilnadu and Karnataka

Source: Bilt.

# SFI Unit-Highlights



- ✓ Largest paper mill in Malaysia
- ✓ Integrated plant with own pulp and forestry operations
- ✓ Access to 288,293 ha of forest timber uniquely enables Bilt to source a large part of the whole group's fibre needs captively
- ✓ Pulp capacity expansion underway
- ✓ Increasing sustainable plantation activities
- ✓ Low transportation cost due to own jetty close to mill

## Distances

Roads	148 km from Kota Kinabalu
Port	Own jetty close to mill
Raw material procurement radius	65 km
Electricity	Captive power supply

# SFI Unit-overview

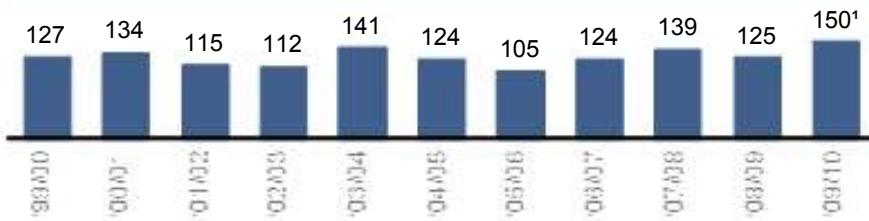
The SFI plant is an integrated pulp and paper mill and represents the largest facility in Malaysia.



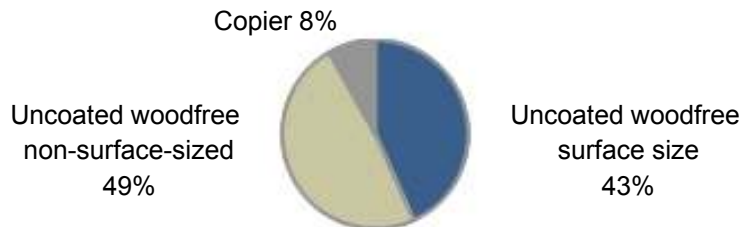
## Paper capacity overview

Machine	Make	Year	Latest upgrade <sup>2</sup>	Capacity ('000 tpa)
PM-1	Valmet	1987	-	72
PM-2	Valmet	1987	-	72
Total				144

## Paper production volume ('000 Mt)



## Products produced by volume ('000 Mt) 2009/10



## Pulp production

- Integrated pulp mill with 120,000 tpa capacity
- Pulp capacity currently being expanded to 240,000 tpa
- Fully integrated operations
- Pulp production using fibre from own forest
- Continuous digester with Hi-heat washing; multi-stage bleaching plant (DC-EO-D1-D2) with Noss Centri cleaning system

Source: Bilt.

Note: SFI unit also sells small volumes of timber and finished wood.


<sup>1</sup> Production above nameplate capacity due to production of higher gsm paper.

<sup>2</sup> No capacity upgrade done so far.

# Recent awards and certifications

Numerous awards and certifications testify to a culture of continuous operational improvements.

## Certifications<sup>1</sup>

	Ballarpur	Bhigwan	Kamalapuram
ISO 9001:2008	✓	✓	✓
ISO 14001:2004	✓	✓	✓
OHSAS18001:2007	✓	✓	✓
FSC-COC/CW	✓	✓	-
5-S Implementation	✓ In Progress	✓ In Progress	✓ In Progress

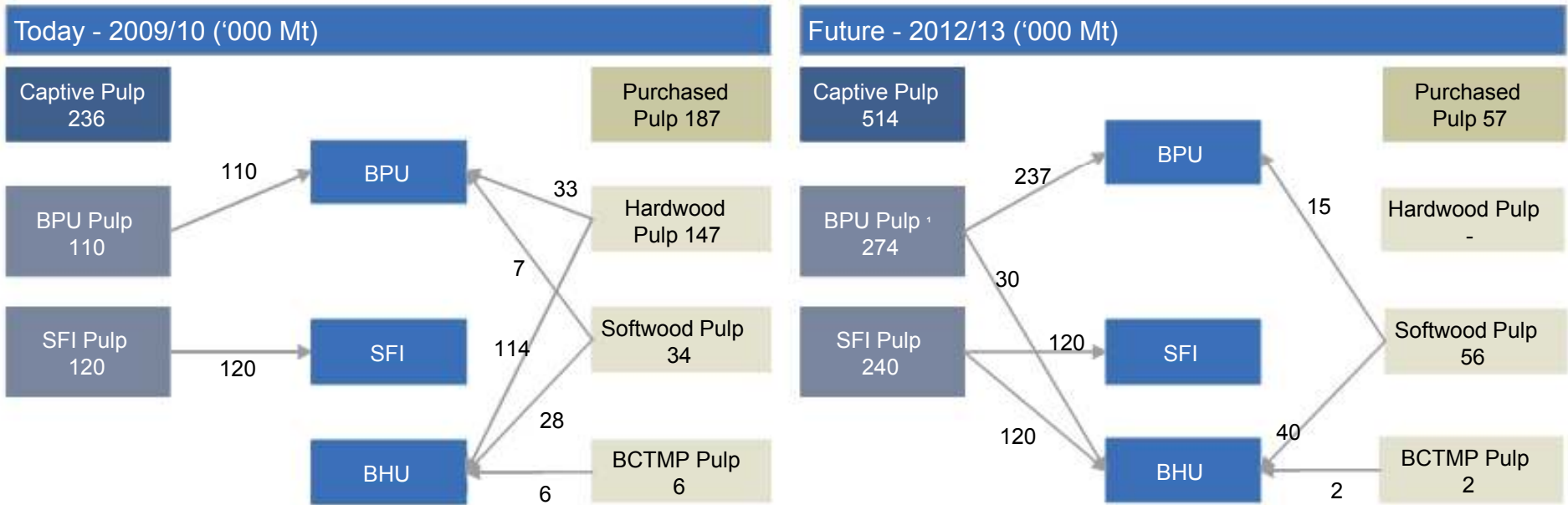
## Recent awards and recognitions

<p>2011</p>  <p>CII Environmental Best Practices Award</p>	<p>2010</p>  <p>Efficiency Improvements of the Year Award Bhigwan Plant</p>	<p>2010</p> <p>National Award</p>  <p>Prevention of pollution</p>
<p>2010</p>  <p>Safely Gold Award</p>	<p>2008-2009</p>  <p>Excellent Energy Efficient Unit</p>	<p>2008-2009</p>  <p>Gold Award</p>
<p>2008-2009</p> <p>National award</p>  <p>"Excellence in Energy Management"</p>	<p>2009</p>  <p>Environmental Excellence Gold Award</p>	<p>2008</p>  <p>Safety Innovation Award</p>

<sup>1</sup> SFI has "FSC Controlled Wood Forest Management Certification and Verification of Legal Origin (VLO) Certification" and is in advanced stages of FSC certification for SFI paper mill.

# Overview of pulp flows within the company

After the completion of the planned capacity expansions, Bilt expects to be fully integrated in hardwood pulp.



Source: Bilt.

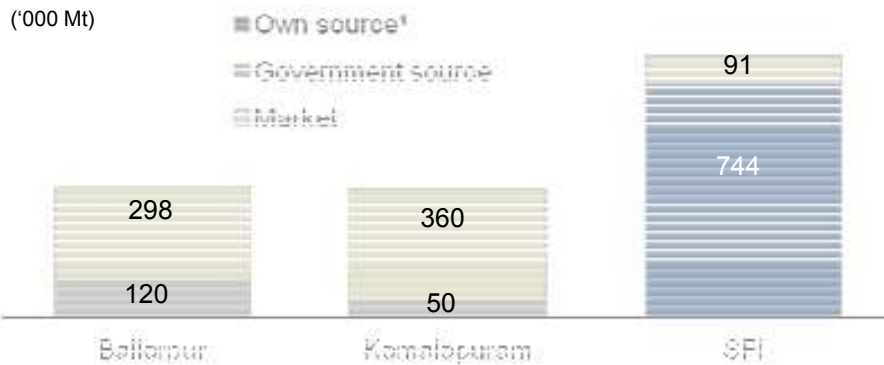
Note: Hardwood pulp considered above is ADT; capacity information as of respective year end.<sup>1</sup>

Total production at Ballarpur exceeds consumption by 7 Mt.

# Fibre procurement

A large part of the company's timber supply is sourced from its own plantation in Malaysia and from farm forestry in India. The balance demand is mainly met from open market purchases/auctions from government forests.

## Timber requirements by existing source (2009/10)



Note: SFI data includes fuel wood

## Agreements for external timber supply

	Government supply	Market purchase	Own extraction
Ballarpur	Mainly bamboo-long term agreement annual royalty <sup>2</sup>	✓	-
Kamalapuram	Mainly wood-procured through market purchase	✓	-
SFI	-	-	Gov't leased areas-royalties paid

Source: Bilt.

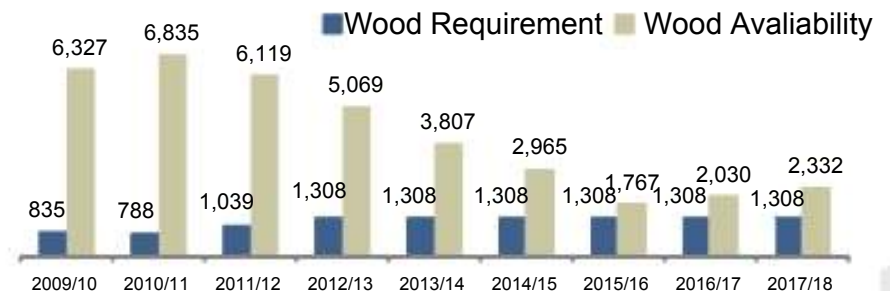
<sup>1</sup> Includes wood from Indian farm forestry operations.

<sup>2</sup> Captive pulp figures represent capacity information and actual consumption might be lower due to ramp-up of additional paper capacity over time.

## Comments

- SFI planning to substantially increase own timber production through expansion of plantation activities
- Indian pulp mills in Ballarpur and Kamalapuram obtain timber from small farmer's farm forestry plantations, open market purchases and auctions from government forests
- Limited alternative uses of wood grown around Ballarpur and Kamalapuram mill make Bilt the preferred off-taker of timber in the respective areas
- The increasing demand for timber as a result of the pulp expansion project in Ballarpur will be covered by increased small farmer's farm forestry plantations and open market purchases of such plantations

## Wood requirement and wood availability ('000 Mt) at SFI





# Expanding external timber supply base

Bilt benefits from Avantha Group supporting local farmers to grow wood around the Indian pulp mills and is continuously exploring for new external pulp wood sources in the South East Asian markets.

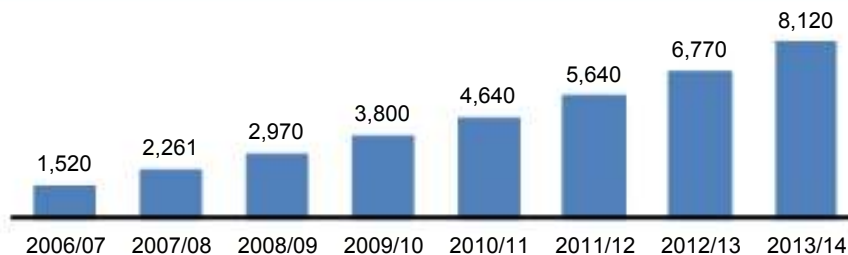
## Forestry operations in India

- During the last 14-15 years, encouraging small land holders to adopt short rotation forestry and grow pulpwood species
- The main species used in farm forestry programmes are subabool, eucalyptus, acacia and casuarina
- Avantha Group operates nurseries where tree clones are developed which are then sold to the surrounding farmers
- Avantha Group has initiated site-specific forestry research projects to produce high yielding clones of pulpwood species
- To date 167 mn clones and seedlings have been distributed covering approximately 39,555 ha land in the catchment of mills

## Focus area of timber expansion



## Additional yearly plantation area in India (ha)



Source: Bilt.

## Comments

- Screening market in South East Asia for opportunities to expand timber supply.
- Organic growth as well as M&A (acquire plantation/forestry licenses)

# Energy supply

Captive energy supply is a key element of the integrated production structure and makes the company's operations largely independent of the national grid.

## Overview of power plants per site

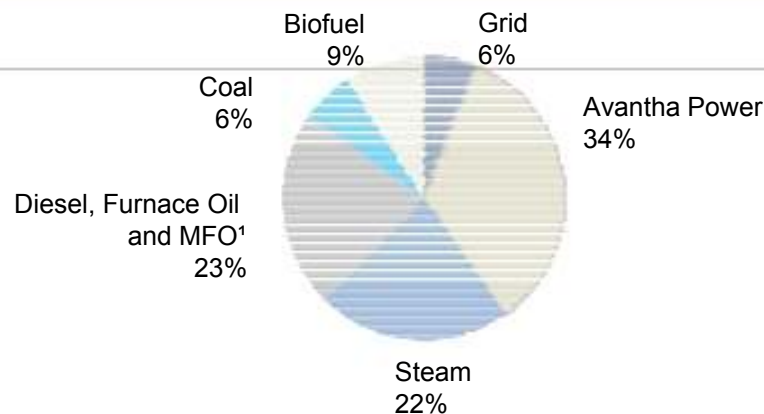
	Installed capacity	Required capacity	Level of integration	Ownership
Ballarpur	68 MW	43 MW	100%	Avantha Power
Bhigwan	60 MW	22 MW	100%	Avantha Power
Kamalapuram	12 MW	13 MW	83%	Bilt
SFI	63 MW	59 MW	100%	Bilt

## Comments

- Two of the four power stations are majority owned by Avantha Power, two are fully owned by Bilt
- Bilt holds 26% stake in the respective Avantha Power on-site power stations ( translates into 4.22% stake in Avantha Power Group)
- Energy supply contracts on an arm's-length basis
- Commitment from Avantha Power to increase power generation capacity along growing paper/pulp operations - Bilt to contribute 26% of equity
- Cost advantage from own energy generation

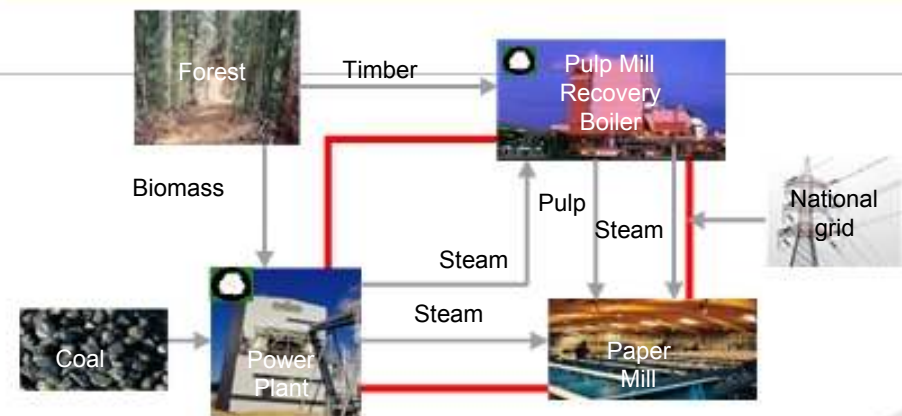
Note: Capacity information as of 2009/10.

## Source of energy (2009/10)



Source: Bilt.  
<sup>1</sup> Marine Fuel Oil.

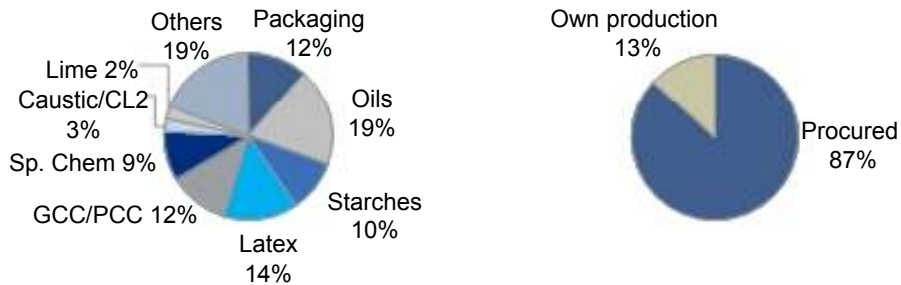
## Integrated and sustainable supply of energy



# Chemical integration and procurement

Certain key chemicals are produced **captively**; the rest are procured from large international chemical companies with long-standing supply contracts.

## Overview of stores, spares and chemicals used



Source: BGPPL & SFI Consumption.  
Note: Splits represent first five months of 2010/11 (annualised)

## Comments

- Strategic business understanding of key chemicals such as latex and lime
- Chemical sourcing managed centrally to leverage size of the company
- Storage and transportation in line with the best in class in paper industry

## Chemical production

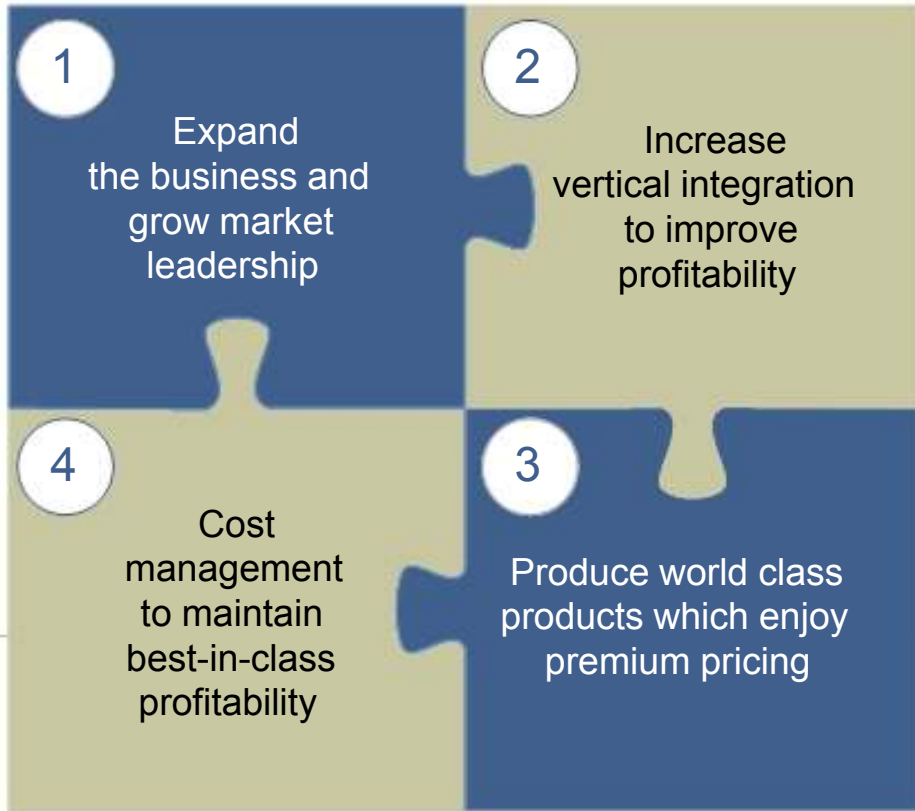
	Caustic Soda	Chlorine	HCL	Quick Lime
Ballarpur	✓	✓	✓	✓
Bhigwan	-	-	-	-
Kamalapuram	-	-	-	✓
SFI	✓	✓	✓	✓

Source: Bilt.

## Major chemical suppliers



# Summary of Bilt's strategy



Our aspiration is to become a leading creator of shareholder value in the Paper Industry. Our mission is to consistently outperform expectations and deliver superior value to both our customers and stakeholders. To achieve this, we will use the energy of people, develop and implement leading edge technologies and to draw on both to deliver effective world class solutions to our customers.

# 1 Expand the business and grow market leadership

**Capture market growth by capacity expansions**

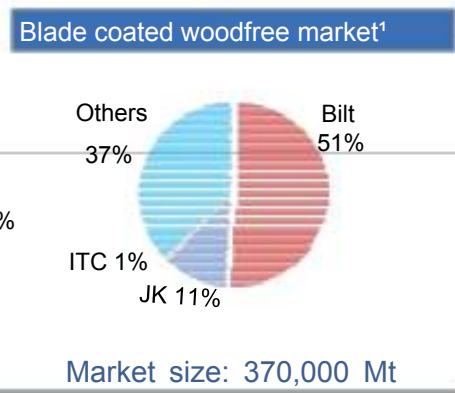
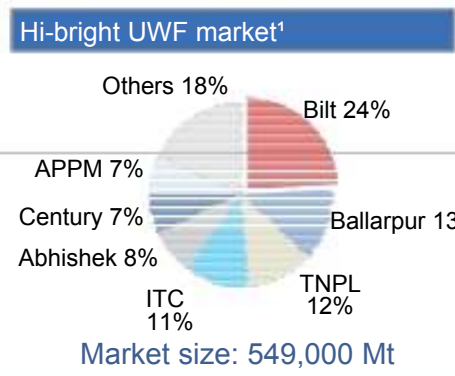
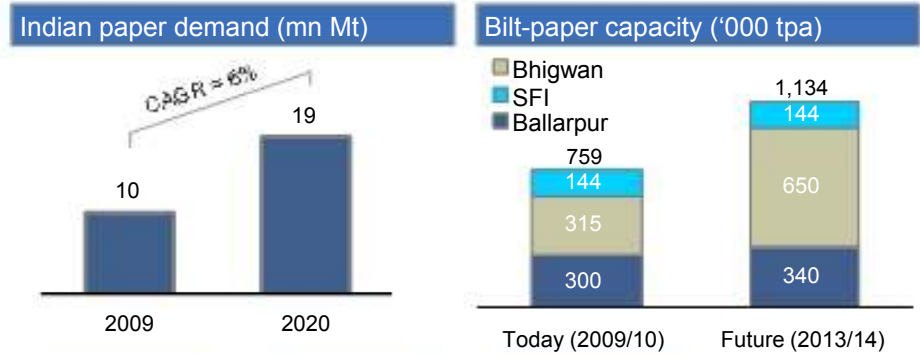
- Huge opportunities from operating in highest growth segment in the Indian market
- Bilt best positioned to exploit market growth
- Full commitment to expand capacity in line with growing market
- Expertise in managing capacity expansions
- Careful ramp-up of new capacity using exports so as not to destroy premium pricing strategy

**Expand product portfolio**

- Broaden product portfolio towards paper board
- Capture synergies with existing coated paper operations
- Amplifying cross-selling opportunities

**Grow market share**

- Use unique market insights to outplay smaller competitors in regional markets
- Capitalize existing distribution system to further grow in rapidly expanding rural markets
- Capture market share from continuous demand shift towards higher quality paper



▶ Use position of strength to achieve superior revenue growth

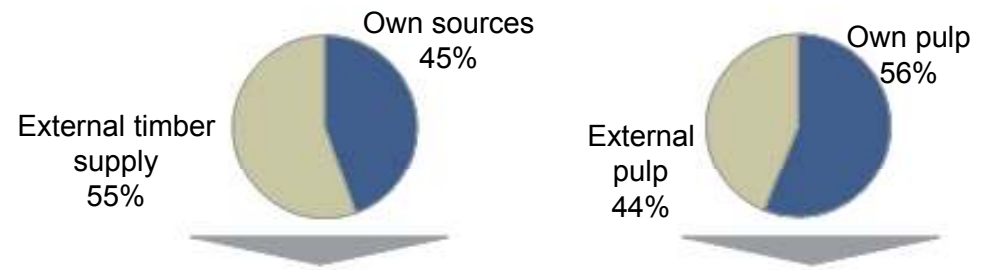
Source: Bilt, Pöyry.  
Note: Capacity information as of respective year end.

<sup>1</sup> Indian market for 2009/10.

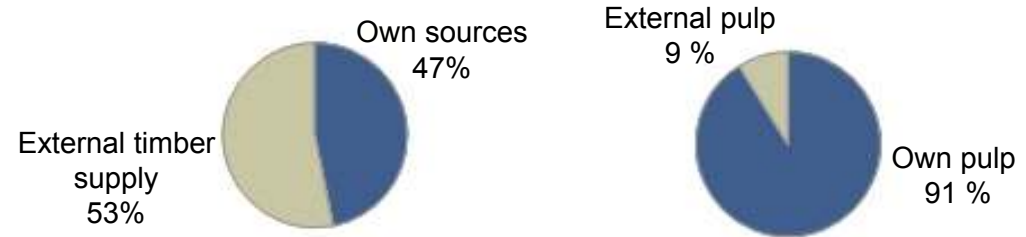
## 2 Increase vertical integration



Today (2009/10)



Future (2012/13)



Measures

- Expand annual plantation in SFI from 2,600 ha in 2010 to 15,000 ha in 2014 and Indian plantation from 3,800 ha to 8,120 ha over the same period
- Wood procurement from SFI own plantation to increase from 743,575 Mt to 1,235,581 Mt over the same period
- Screen market in South-East Asia for additional timber capacities
- Expand pulp operation in Ballarpur and SFI by 290,000 tpa until end of 2011/12 (more than doubling current capacity)
- Use IPO proceeds to fund expansion projects
- Keep certain flexibility to purchase pulp in the market

- ✓ Increase profitability
- ✓ Secure supply
- ✓ Assure product quality and consistency
- ✓ Build sustainable platform for future paper production expansion

Source: Bilt.

### 3 Produce world class products which enjoy premium pricing

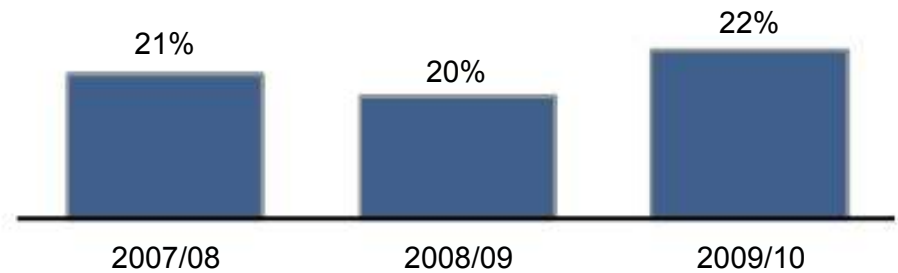


Broad product range	Broaden product portfolio to further differentiate from competition Increased cross- and up-selling opportunities allow for optimized pricing
International product quality	Continued quality focus and constant international benchmarking with competitors Increased backward integration to improve product quality and cost position New machines will further add high quality growth
Unique market highlights	Further expand customer base and continuously focus on understanding client needs Exploit unique market insights to identify market inefficiencies and opportunities
Customer service	Utilize and expand unique distribution system Broaden product portfolio to further sharpen profile as One-Stop-Shop Maintain operational flexibility to respond to odd-sized requests Expand after-sales service offering
Brand value	Targeted investments into communication and branding strategy Use strong brand value in negotiations with distributors Continue to use old Bilt logo for transition phase

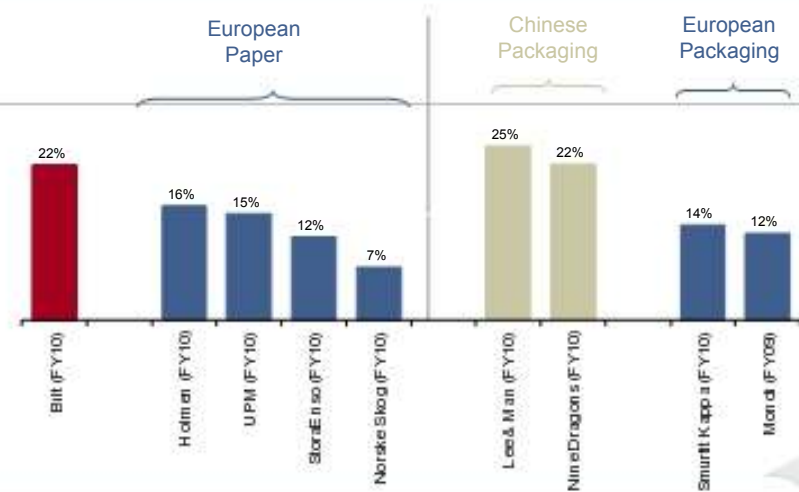
# 4 Maintain best-in-class profitability

- I Continued focus on premium pricing
- II Increase pulp integration
- III Increase captive fibre supply
- IV Utilize further economies of scale
- V Operational excellence
- VI Continuous modernization of equipment
- VII Further optimization of energy consumption

Bilt EBITDA margins



EBITDA benchmarking (latest audited accounts)



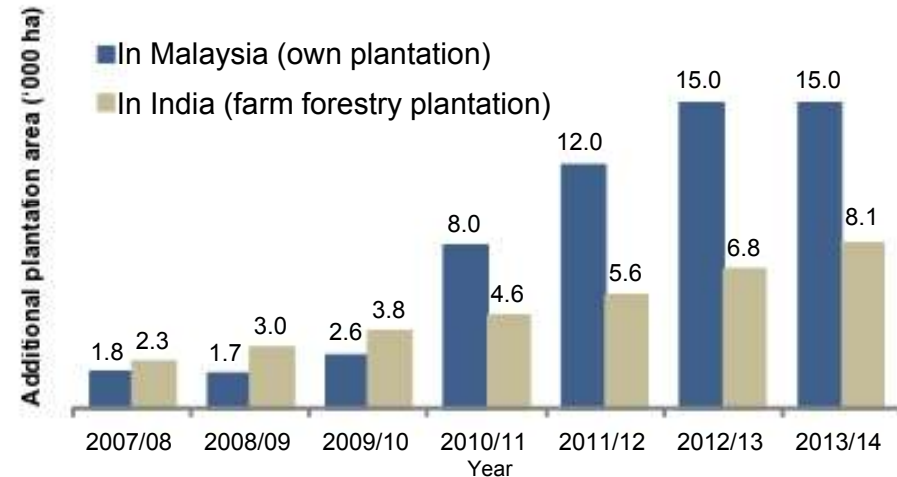
Source: Bilt and latest audited public accounts of competitors.



# Sustainability efforts

Bilt has a very strong commitment to sustainability especially with regards to its forestry operations.

- Bilt is very conscious of sustainability aspects
- FSC-COC certification makes it mandatory to keep a FSC certified tracking chain for all sustainable fibre inputs up to final manufactured product
- Bhigwan and Ballarpur are FSC-COC<sup>1</sup> certified
- In 2011 about 70% of wood resources used in pulp manufacturing are from FSC-Controlled Wood<sup>2</sup> sources
- Bilt promotes farm forestry plantations in its mill catchments to develop a sustainable, cost effective source for wood procurement
  - This has provided local communities the opportunity for employment and livelihood options
- A substantial expansion of sustainable plantation is planned at Bilt's Malaysian operations



Source: Bilt.



Source: Bilt.

<sup>1</sup> Forest Stewardship Council-Chain of Custody.

<sup>2</sup> Wood procured from these sources are certified against five FSC principles-(i) legality of wood; (ii) sustainable harvesting of wood; (iii) harvesting practices as per conformity of applicable labour laws, (iv) wood not sourced from high conservation value forests and (v) wood not sourced from genetically modified species/plants.

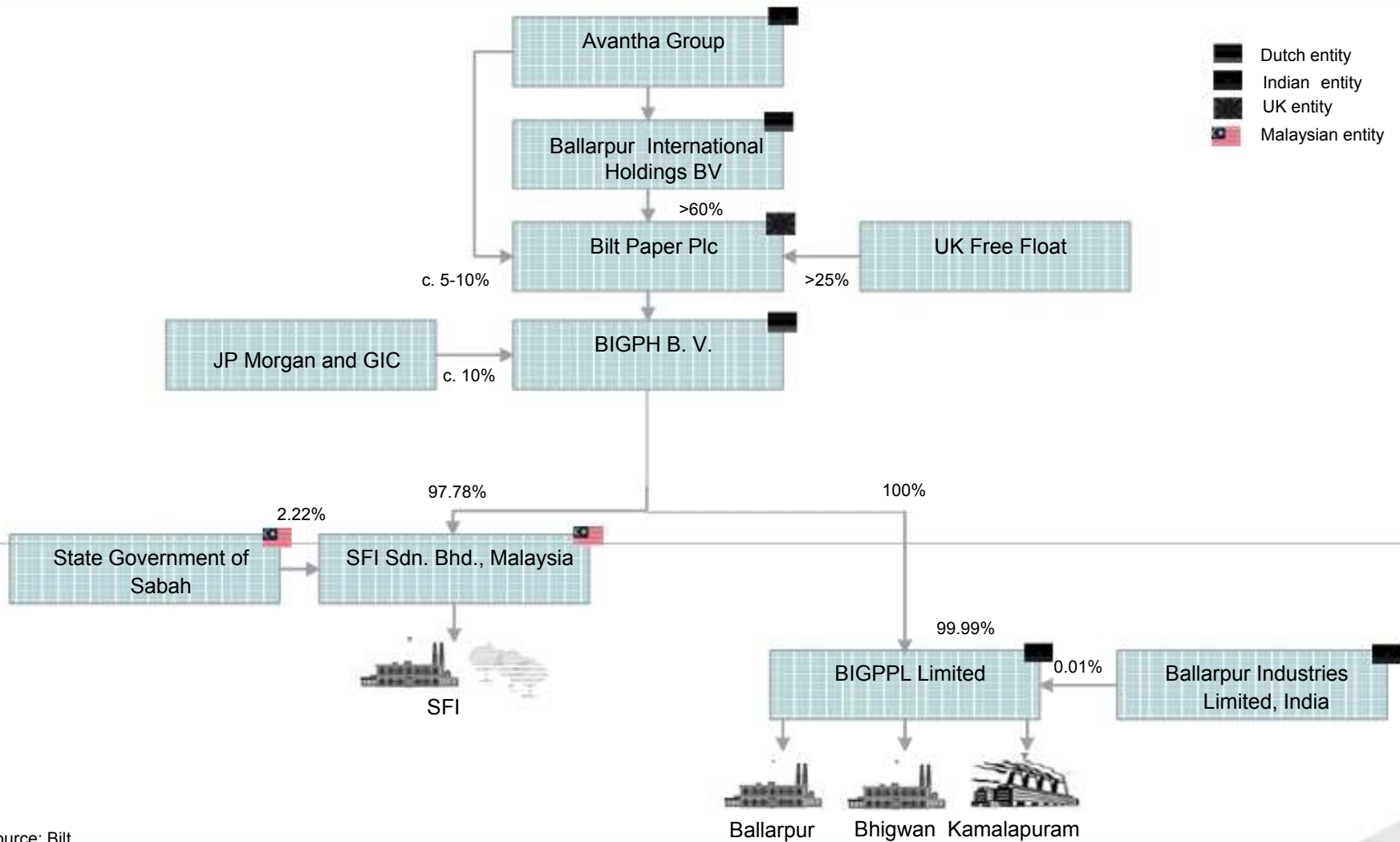
# Sustainability efforts (cont'd)

Focused on environment friendly procedures to guarantee the sustainability of operations.

Emission control infrastructure	<ul style="list-style-type: none"><li>• All manufacturing units have facilities to control emissions</li><li>• Air pollution control systems-electrostatic precipitator devices, scrubber systems</li></ul>
Water management	<ul style="list-style-type: none"><li>• Water consumption is significantly below limits</li><li>• The Bhigwan mill is a “zero” waste water discharge mill</li><li>• Rain water harvesting projects at all mills</li></ul>
Minimization of GHG emissions	<ul style="list-style-type: none"><li>• Minimum specific energy consumption</li><li>• Maximize use of renewable energy</li><li>• Implementation of clean development mechanism projects</li></ul>
Effluent recycling	<ul style="list-style-type: none"><li>• Treated effluent is being recycled:<ul style="list-style-type: none"><li>– Wood and bamboo washing</li><li>– Floor washings</li><li>– Spraying on roads</li><li>– Land irrigation by farmers</li></ul></li><li>• At Kamalapuram, 50% of treated effluent water is used for irrigation of 300 acres of plantation developed on own land.</li></ul>
Solid waste management	<ul style="list-style-type: none"><li>• All units have practices for recycling/reusing solid wastes:<ul style="list-style-type: none"><li>- Lime sludge is burnt and recycled back into the system</li><li>- Wood dust is used as a fuel</li><li>- Coal ash is used in the cement industry</li><li>- Effluent plant sludge is utilised by external board manufacturers/ landfill.</li></ul></li></ul>

# Legal structure

BIGPH will remain the majority owner of Bilt after the IPO.



Source: Bilt.

# Board composition

Bilt's Board of Directors brings highly experienced non-executive independent directors to complement the Bilt team.

## Non-independent



### R R Vederah, Chairman of Bilt

- Member of Avantha Group Management Board
- Managing Director of Ballarpur Industries
- 40 years of experience; associated with Bilt for over 25 years;
- Holds a Bachelor of Technology (Chemical) from Indian Institute of Technology, New Delhi, and Master of Science from the University of Aston, UK



### B Hariharan, Non-executive Director

- Member of Avantha Group Management Board
- Group Director Finance of Ballarpur Industries
- 27 years paper industry experience; associated with Bilt for over 25 years
- Key responsibilities include finance, treasury and M&A
- Chartered Accountant, Cost Accountant and Company Secretary
- Holds a Bachelor of Science



### Yogesh Agarwal, CEO

- Over 26 years of business experience; 12 years with Bilt
- Vice President and President Designate of Indian Paper Manufacturers Association
- Holds a Bachelor of Engineering, Post Graduate Diploma in Business Management & Advance Management from Harvard Business School

## Independent



### Fields Wicker-Miurin, Senior Independent Director

- 8 years experience as NED of Savills, Chair of Audit Committee; 6 years experience as NED of CDC Group
- Awarded OBE in 2007 for services to international business
- Market experience on Board of London Stock Exchange



### Kent Atkinson, Non-executive Director

- NED and Chair of Audit Committee at UK Asset Resolution (also SID), Standard Life and Coca Cola HBC (also SID)
- Group Finance Director Lloyds TSB 1994-2002; NED on Boards of Telent



### P.V. Bhide, Non-executive Director

- Substantial public sector experience; Revenue Secretary at Indian Ministry of finance 2007-10; Technical Advisor to World Bank 1988-92
- NED at GlaxoSmithKline Pharmaceuticals (India), NOCIL and Heidelberg Cement India

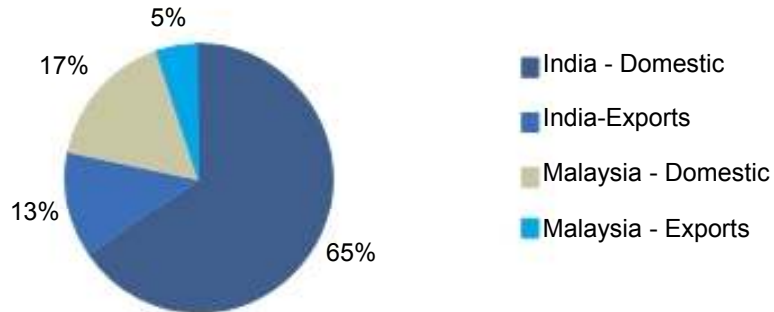


### Kevan Watts, Non-executive Director

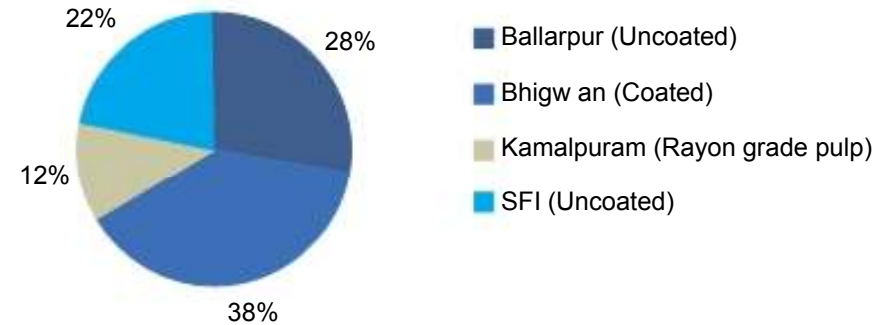
- NED of Tottenham Hotspur plc and member of International Advisory Council of Huawei Technologies
- 29 years experience at Merrill Lynch to 2010; head of Merrill Lynch India 2009-10

# Sales and profitability split

Sales by region 2009/10

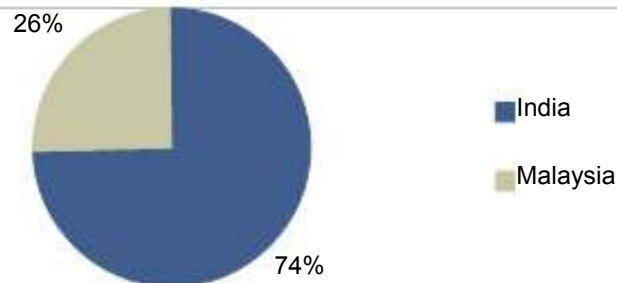


Sales by mill 2009/10

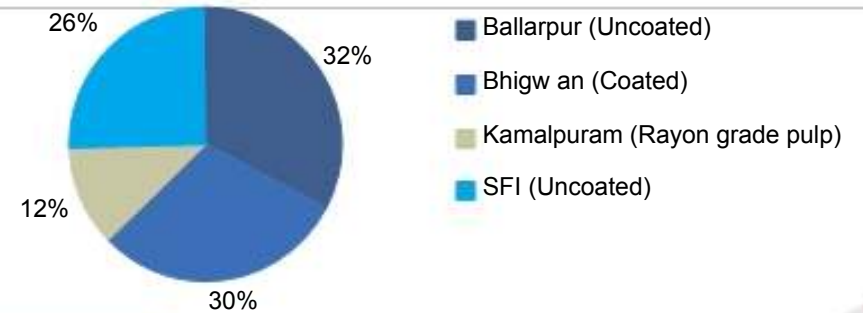


Gross Sales USD 613 mn<sup>1</sup>

EBITDA by region 2009/10



EBITDA by mill 2009/10



EBITDA USD 134 mn

<sup>1</sup> Includes Excise Duty of USD13 mn and excludes Other Income.

# Mill information

## Ballarpur (Fully-integrated mill till 1H2010)

(in USD mn unless stated)	2007/08	2008/09	2009/10	1H 2010	1H 2011
Paper production (Mt)	128,682	125,073	173,789	68,374	116,360
Net sales per tonne paper (USD/Mt)	971	926	886	868	948
Net sales per tonne paper (Rs/Mt)	39,174	44,814	41,507	41,518	43,609
Net sales	138	121	164	65	109
EBITDA	54	46	44	24	26
EBITDA margin	39%	38%	27%	37%	24%

## Bhigwan (Non-integrated mill)

(in USD mn unless stated)	2007/08	2008/09	2009/10	1H 2010	1H 2011
Paper production (Mt)	125,900	147,754	248,983	116,744	139,502
Net sales per tonne paper (USD/Mt)	956	927	923	881	990
Net sales per tonne paper (Rs/Mt)	38,603	44,826	43,260	42,143	45,529
Net sales	127	137	228	98	133
EBITDA	13	23	40	21	18
EBITDA margin	10%	17%	18%	22%	13%

## SFI (Integrated mill)

(in USD mn unless stated)	2007/08	2008/09	2009/10	1H 2010	1H 2011
Paper production (Mt)	139,194	124,566	150,127	75,253	61,663
Net sales per tonne paper (USD/Mt)	889	770	815	757	882
Net sales per tonne paper (RM/Mt)	2,954	2,714	2,766	2,627	2,772
Net sales	136	107	135	64	60
EBITDA	30	7	34	14	15
EBITDA margin	22%	6%	26%	22%	25%

## Kamalapuram (Pulp mill)

(in USD mn unless stated)	2007/08	2008/09	2009/10	1H 2010	1H 2011
Pulp production (Mt)	92,148	40,523	85,345	42,842	42,150
Net sales per tonne pulp (USD/Mt)	813	780	829	734	1,091
Net sales per tonne pulp (Rs/Mt)	32,798	37,722	38,842	35,098	50,156
Net sales	89	29	73	33	46
EBITDA	20	2	16	4	14
EBITDA margin	22%	7%	22%	13%	31%

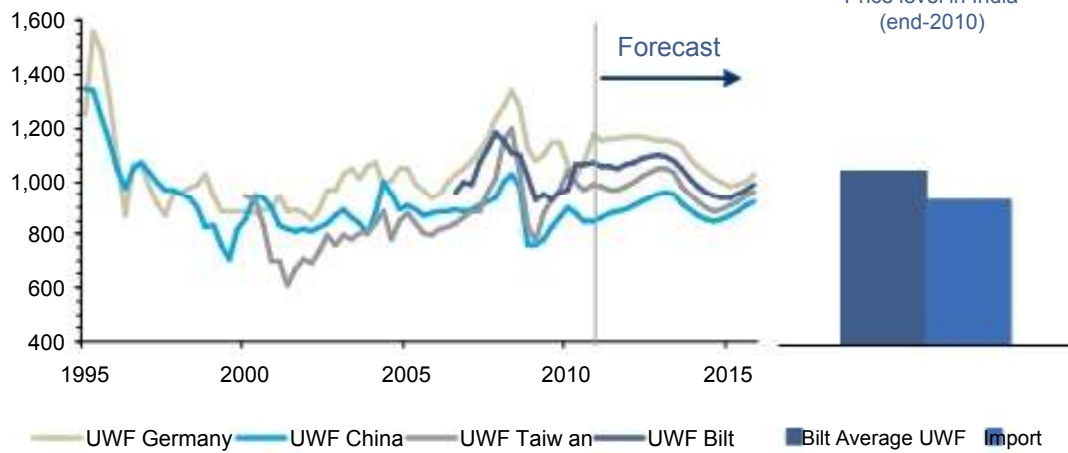
EBITDA margins of integrated mills are significantly higher than non-integrated mills

As integration increases, EBITDA margins are also expected to increase

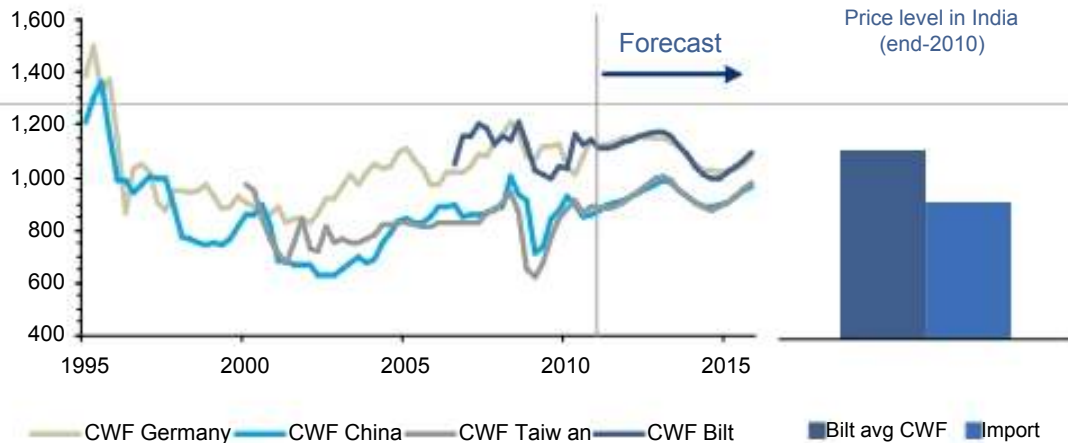
# Paper and pulp price development

## Pöyry forecast prices (USD / Mt)<sup>1</sup>

### Uncoated wood-free



### Coated wood-free

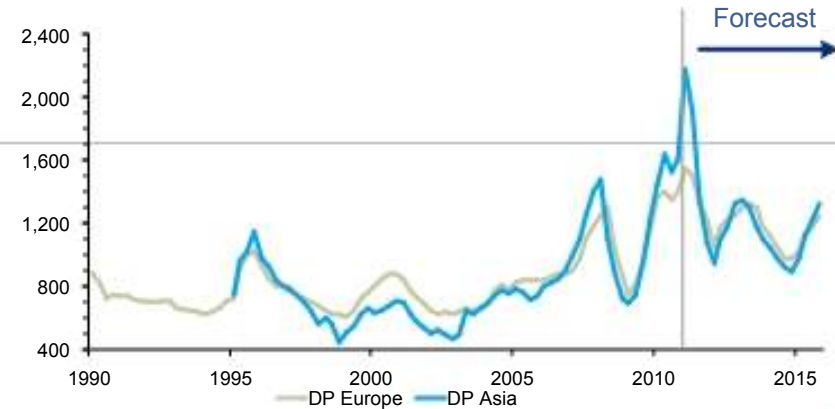


<sup>1</sup> Nominal prices.  
Source: Pöyry.

## Comments

- Indian prices are more stable and show upward trend. However in USD, the prices are under pressure due to rupee depreciation against dollar
- Rayon grade pulp prices have increased significantly towards the end of 2010. Current price is 1,300 USD / Mt
- Malaysia prices are consistent and showing upward trend. However, RM appreciation has a negative impact in the domestic selling prices

## Rayon grade pulp



Source: Pöyry.

# Capacity and utilisation

## Capacity and production volume ('000 Mt)



## Comments

### Coated paper

- Bhigwan PM2 with a 165,000 Mt capacity was commissioned in March 2009
- Due to production of higher basis weight of paper at PM1 additional incremental capacity of 25,000 MT
- Gradual ramp up to keep premium pricing
- Production to grow by >10% due to capacity ramp up
- Over 100% capacity utilisation in 2007/08 was due to production of higher basis weight paper

### Uncoated paper

- Ballarpur PM7 with 165,000 Mt capacity was commissioned in December 2009
- Production to grow by 20% due to capacity ramp up

### Rayon grade pulp

- Consistent production & capacity utilisation, apart from market down time in 2009 caused by global recession
- Possibility to increase the production somewhat due to current capacity utilisation rate

<sup>1</sup> Ballarpur and Bhigwan new capacity included pro-rata.



# Cost of goods sold

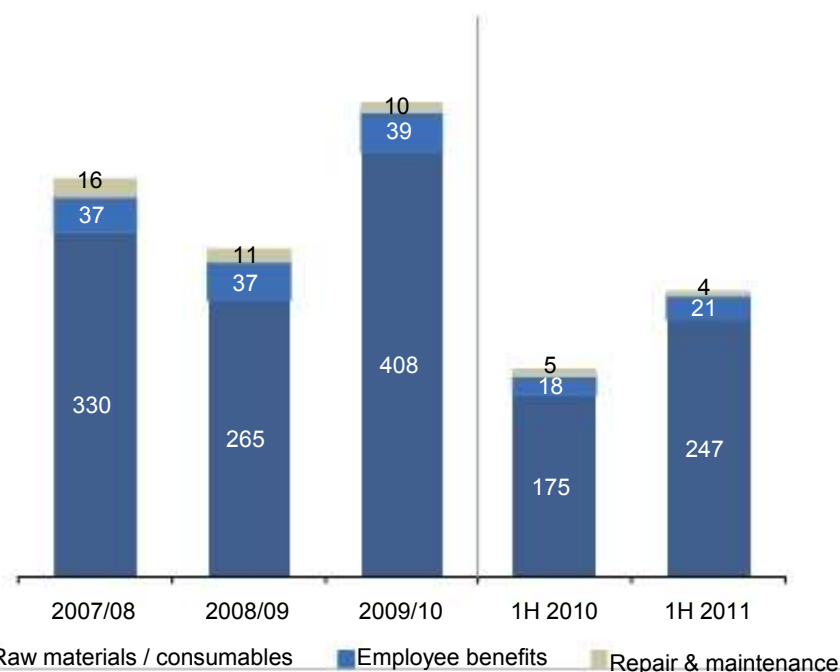
## Cost of goods sold development

(in USD mn)	2007/08	2008/09	2009/10	1H 2010	1H 2011
Raw material consumed	170	127	214	84	134
Stores & consumables	74	90	120	55	69
Power & fuel	75	48	75	41	43
Others (including forex gains/ losses)	14	4	1	3	7
Increase / (decrease) in stocks	(2)	(5)	(2)	(8)	(6)
Raw materials / consumables	330	265	408	175	247
% Net sales	67%	66%	68%	67%	71%
Employee benefits	37	37	39	18	21
Repair & maintenance	16	11	10	5	4
<b>Total</b>	<b>383</b>	<b>313</b>	<b>456</b>	<b>198</b>	<b>273</b>
% Net sales	78%	78%	76%	75%	78%
<b>Excise Duty</b>					
Excise duty expense	24	13	13	6	10

## Comments

- Raw material costs increased from 35% of sales in 2009/10 to 38% in 2010/11 due to higher market pulp purchases and higher wood costs
- Pulp costs were USD 704/Mt in 2008 compared to USD 654/Mt in 2009/10 and USD 794/Mt in 1H 2011
- Raw materials / consumables are stable as % of net sales (71% in 1H 2011)
- Employees costs have remained almost unchanged despite increase in volumes

## Cost of goods sold split (USD mn)



# Other operating costs

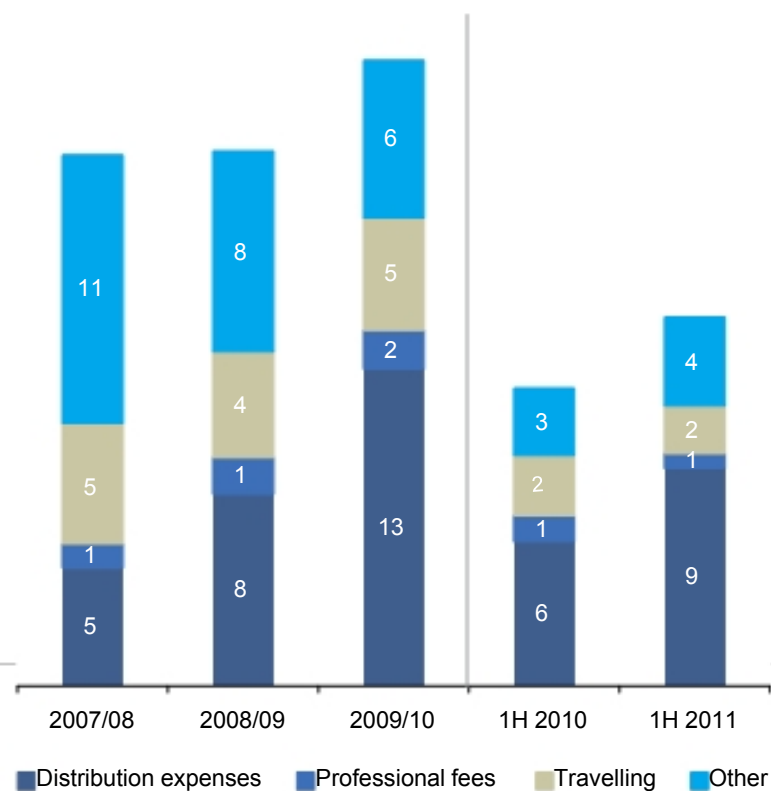
## Other operating costs development

(in USD mn)	2007/08	2008/09	2009/10	1H 2010	1H 2011
Distribution expenses	5	8	13	6	9
Professional fees	1	1	2	1	1
Travelling	5	4	5	2	2
Other	11	8	6	3	4
<b>Total</b>	<b>22</b>	<b>22</b>	<b>26</b>	<b>12</b>	<b>15</b>
% Net sales	4%	5%	4%	5%	4%

## Comments

- Selling and distribution expenses have increased due to volume uplift and increase in export sales in absolute terms, but have remained stable as a % of sales
- Other costs include insurance, rent, rates and taxes and advertisement

## Other operating costs split (USD mn)



# Depreciation and capex

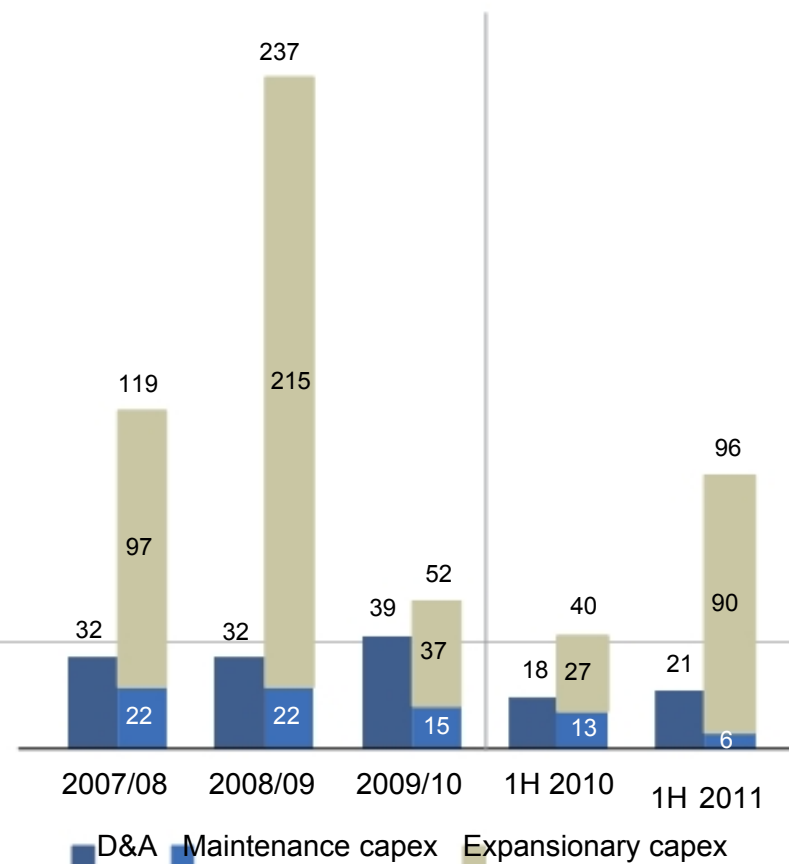
## Depreciation and capex

(in USD mn)	2007/08	2008/09	2009/10	1H 2010	1H 2011
Depreciation	32	32	39	18	21
D&A	32	32	39	18	21
Maintenance capex	22	22	15	13	6
Paper expansionary capex	97	215	6	6	-
Pulp expansionary capex	-	-	30	21	90
Total capex	119	237	52	40	96
Total capex % Net sales	24%	59%	9%	15%	27%
Maintenance capex % Net sales	4%	6%	3%	5%	2%
Capex / depreciation	3.7x	7.5x	1.3x	2.2x	4.5x

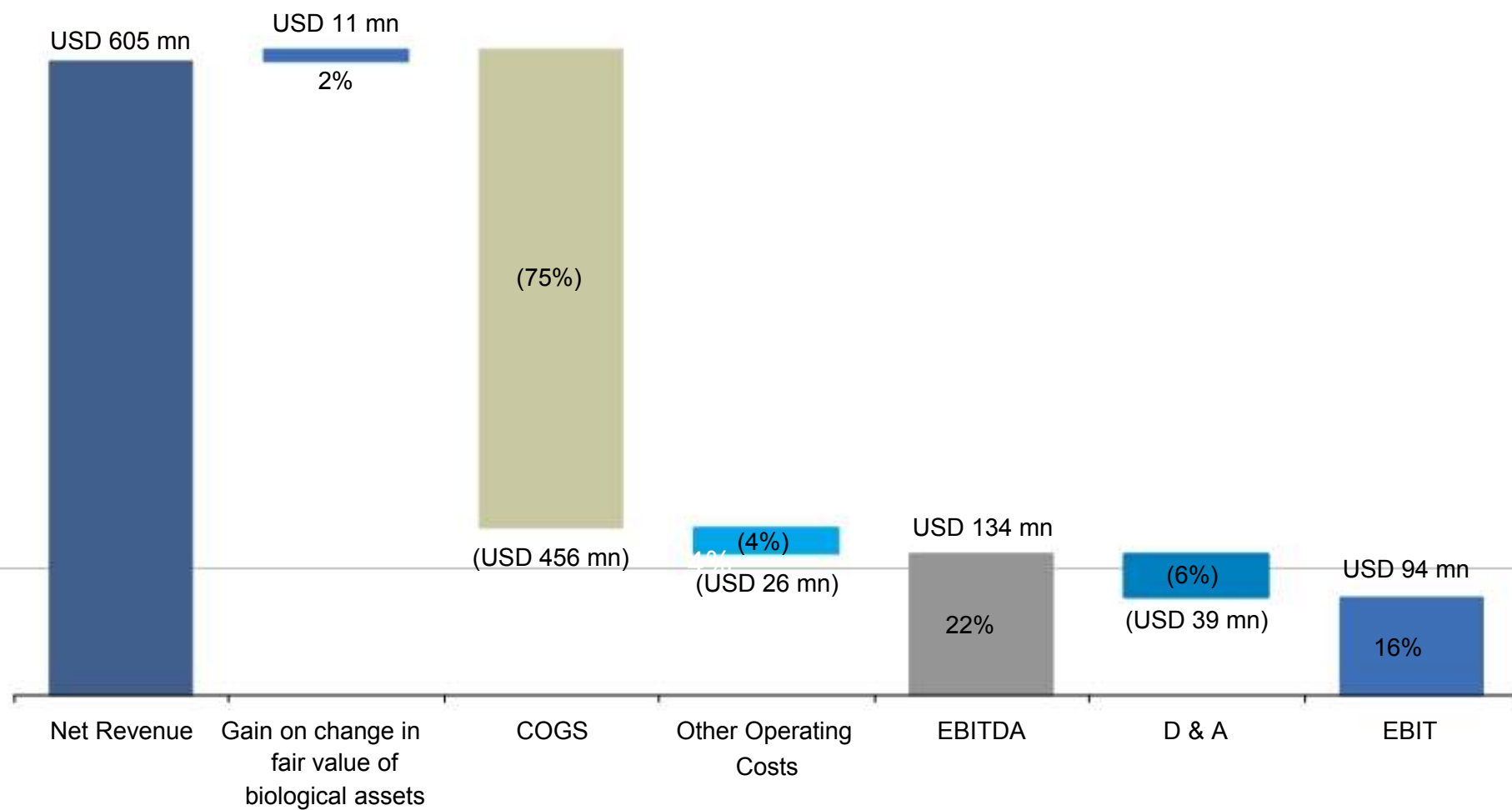
## Expansionary capex summary

(in USD mn)	2010/11	2011/12	2012/13	2013/14	2014/15	Comments
Ballarpur	63	39	8	-	-	Pulp expansion
	-	15	12	-	-	Paper de-bottlenecking
Bhigwan	-	16	12	-	-	Paper de-bottlenecking
	-	-	163	146	11	Paper expansion
SFI	138	32	-	-	-	Pulp expansion
Total	201	102	195	146	11	

## D&A and capex development (USD mn)

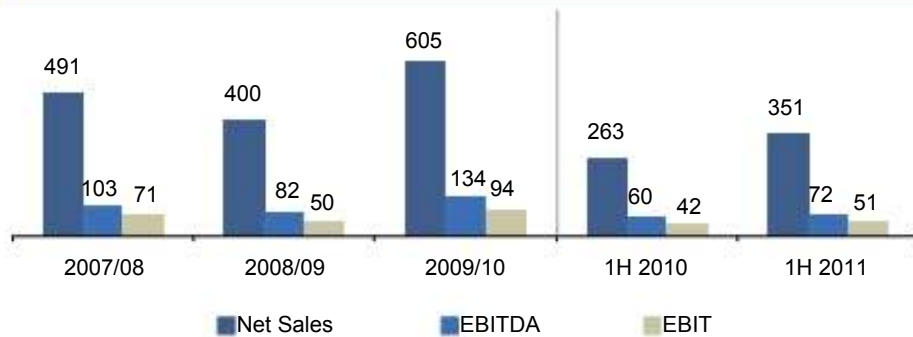


# 2010 Sales to EBIT bridge



# Profitability development

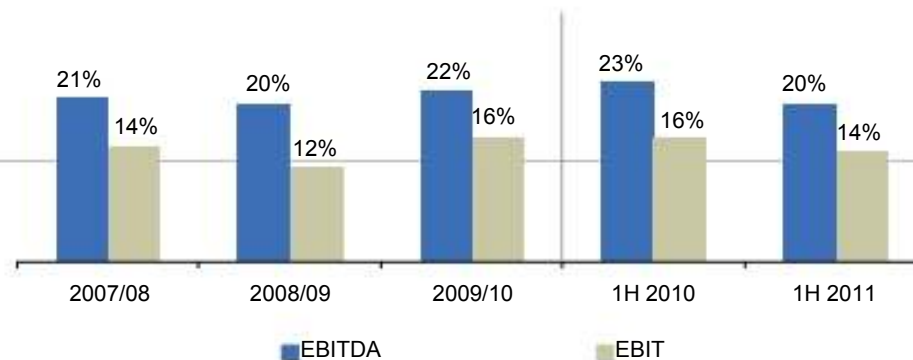
## Sales and earnings (USD mn)



## Comments

- Margins have been stable despite the significant volume increases
- 2011 profitability is impacted by higher dependence on market pulp and increased prices for pulp and wood
- 2008/09 EBITDA and EBIT slightly lower due to market related shut down at Kamalapuram mill and SFI as well as due to the depreciation of rupee
- Margins reflect the integration level

## Margins (%)



# Working capital

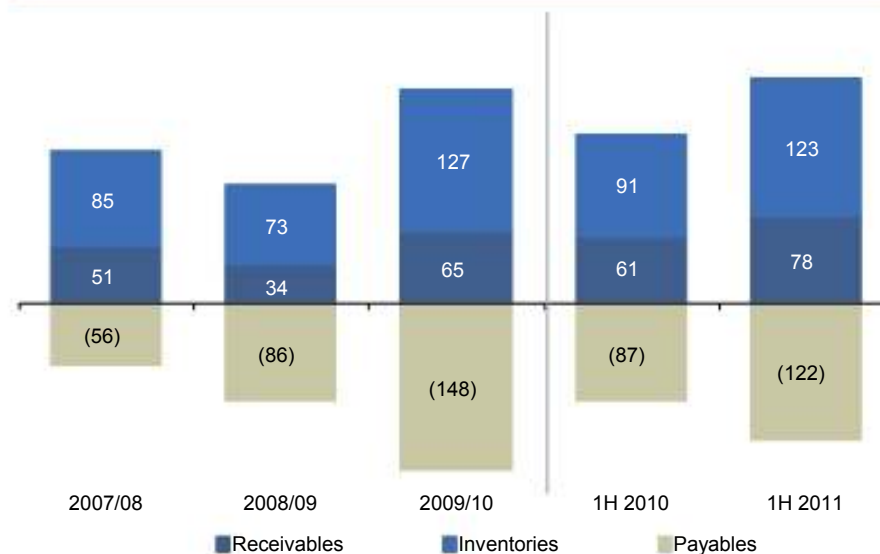
## Working capital

(in USD mn)	2007/08	2008/09	2009/10	1H 2010	1H 2011
<b>Inventories</b>					
Raw materials, consumables & spares	77	57	108	65	97
No. of days	73	65	85	59	64
Work in progress	4	11	12	17	9
No. of days	3	13	10	16	6
Finished goods	5	5	7	9	18
No. of days	3	4	4	6	9
<b>Total</b>	<b>85</b>	<b>73</b>	<b>127</b>	<b>91</b>	<b>123</b>

(in USD mn)	2007/08	2008/09	2009/10	1H 2010	1H 2011
<b>Receivables</b>					
Trade receivables	29	24	51	44	49
No. of days	20	21	29	29	25
Other receivables	22	10	15	17	29
% Net sales	5%	3%	2%	3%	4%
<b>Total</b>	<b>51</b>	<b>34</b>	<b>65</b>	<b>61</b>	<b>78</b>

(in USD mn)	2007/08	2008/09	2009/10	1H 2010	1H 2011
<b>Payables</b>					
Trade payables	(49)	(57)	(133)	(74)	(112)
No. of days	46	66	105	67	74
Other payables	(7)	(29)	(16)	(13)	(10)
% of COGS	2%	9%	3%	3%	2%
<b>Total</b>	<b>(56)</b>	<b>(86)</b>	<b>(148)</b>	<b>(87)</b>	<b>(122)</b>
<b>Net working capital</b>	<b>81</b>	<b>20</b>	<b>44</b>	<b>65</b>	<b>79a</b>
% Net sales	16%	5%	7%	12%	11%

## Working capital (USD mn)



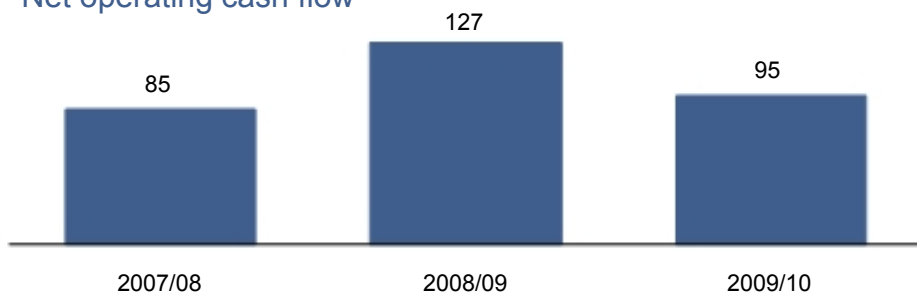
## Comments

- Inventories and receivables have increased with production
- 2010 payables increased due to increased production and higher share of purchased pulp

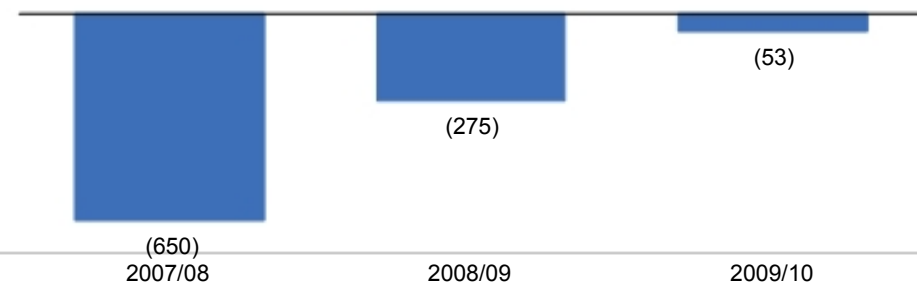
# Cash flow development

## Cash flow development (USD mn)

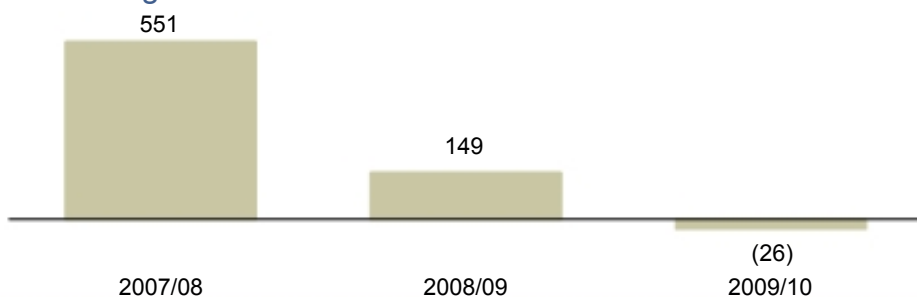
### Net operating cash flow



### Net investing cash flow



### Financing cash flow



## Comments

- Operating cash flow has been strong and stable and has provided funds for growth
- 2007/08 financing cash flow includes equity investment into the company

## Cash flow build up

(in USD mn)	2007/08	2008/09	2009/10
<b>Net investing cash flow</b>			
Capex	119	237	52
Acquisition of BGPPL	478	-	-
Acquisition of SFI (deferred consideration)	50	36	-
Investment in Avantha Power	-	4	3
Others (including interest received)	3	(2)	(2)
<b>Total</b>	<b>650</b>	<b>275</b>	<b>53</b>
<b>Net financing cash flow</b>			
Equity	175	-	-
Net debt	391	185	(131)
Interest cost	(15)	(36)	(47)
Profit certificates & CCDs	-	-	152
<b>Total</b>	<b>551</b>	<b>149</b>	<b>(26)</b>

# Taxes

## Taxes (USD '000)

BGGPL	2007/08	2008/09	2009/10	1H 2010	1H 2011
Current tax expense	6,193	4,029	4,674	2,033	3,913
Effective tax rate on PBT per IGAAP	11%	13%	18%	17%	20%

SFI	2007/08	2008/09	2009/10	1H 2010	1H 2011
Current tax expense	63	58	49	22	25

Consolidated tax payable	2007/08	2008/09	2009/10	1H 2010	1H 2011
Current tax expense	6,256	4,089	4,724	2,055	3,938
Deferred tax expense / (credit)	6,442	(2,323)	(4,642)	(6,276)	2,223
Total tax payable	12,698	1,766	82	(4,221)	6,161

## Comments

### BGPPL

- Pays Minimum Alternate Tax ("MAT") as a result of capacity expansion projects
- Expected to continue to pay MAT due to further capacity expansion programme

### SFI

- Tax credits due to unabsorbed capital allowances and unutilised tax losses amount to USD 557 mn
  - Current pulp mill capex of approx USD 200 mn is eligible for further capital allowance
- As a result, SFI is not expected to pay any tax in the near future
- SFI has tax-exempt account of approximately USD 167 mn arising from investment tax credits claimed, which is available for the distribution of tax-exempt dividends to the shareholders
- SFI created deferred tax assets in 2010 of USD 10 mn on the basis of the next 5 years profits



# Income Statement

(in USD '000)	2007/08	2008/09	2009/10	1H 2010	1H 2011
Total Revenue	514,388	407,768	613,164	266,217	358,231
Other Operating Income	1,541	5,909	4,849	2,340	2,130
Gain on change in fair value of biological assets	16,630	16,196	10,965	7,321	8,700
Raw materials and consumables used	(324,449)	(266,433)	(413,074)	(175,380)	(249,333)
Employee benefits expense	(37,156)	(37,279)	(38,701)	(18,337)	(20,819)
FX losses / gains - net	(5,629)	1,707	4,988	595	1,860
Other Operating Expenses	(62,000)	(46,212)	(48,653)	(22,801)	(28,947)
<b>EBITDA</b>	<b>103,325</b>	<b>81,656</b>	<b>133,538</b>	<b>59,955</b>	<b>71,822</b>
EBITDA margin	20.1%	20.0%	21.8%	22.5%	20.0%
Depreciation and Amortization	(32,071)	(31,736)	(39,385)	(18,455)	(21,306)
<b>Operating Profit (EBIT)</b>	<b>71,254</b>	<b>49,920</b>	<b>94,153</b>	<b>41,500</b>	<b>50,516</b>
EBIT margin	13.9%	12.2%	15.4%	15.6%	14.1%
Financial income	595	2,480	2,777	2,210	1,965
Financial costs	(38,254)	(84,778)	(39,746)	(24,017)	(29,224)
Other gains / losses	-	27,281	(10,379)	(10,379)	(1,212)
Profit before income tax	33,595	(5,097)	46,805	9,314	22,045
Income tax (expense) / credit	(12,698)	(1,766)	(82)	4,221	(6,161)
<b>Profit for the year / period</b>	<b>20,897</b>	<b>(6,863)</b>	<b>46,723</b>	<b>13,535</b>	<b>15,884</b>
Attributable to:					
Owners of the Parent	20,535	(6,704)	46,010	13,140	16,399
Non-Controlling Interests	362	(159)	713	395	(515)
	20,897	(6,863)	46,723	13,535	15,884

# Balance sheet

(in USD '000)	2007/08	2008/09	2009/10	1H 2011
<b>Assets</b>				
<b>Non-current Assets</b>				
PP & E	517,226	670,896	819,255	826,222
Capital work-in-progress	214,873	126,404	52,203	131,226
Biological assets	79,827	76,700	88,222	98,304
Available-for-sale financial asset	-	22,006	22,099	22,516
Restricted deposits	2	2	-	-
Derivative financial instruments	-	27,281	13,212	-
Trade and other receivables	25,864	51,088	35,295	19,276
<b>Total Non-current Assets</b>	<b>837,792</b>	<b>974,377</b>	<b>1,030,286</b>	<b>1,097,544</b>
<b>Current Assets</b>				
Inventories	85,337	72,909	127,249	123,369
Trade and other receivables	62,985	44,636	102,139	133,949
Restricted deposits	4,686	4,433	5,918	5,324
Cash and cash equivalents	23,569	14,565	29,112	44,831
<b>Total Current Assets</b>	<b>176,577</b>	<b>136,543</b>	<b>264,418</b>	<b>307,473</b>
<b>Total Assets</b>	<b>1,014,369</b>	<b>1,110,920</b>	<b>1,294,704</b>	<b>1,405,017</b>

# Balance sheet

(in USD '000)	2007/08	2008/09	2009/10	1H 2011
<b>Equity and Liabilities</b>				
Ordinary Shares	163,109	30	30	30
Share premium	135,219	328,326	328,326	328,326
Other reserves	19,997	(28,644)	104,990	129,540
Retained earnings	69,073	62,369	108,379	124,778
	387,398	362,081	541,725	582,674
Non-controlling interests	6,690	6,531	7,244	6,729
<b>Total equity</b>	<b>394,088</b>	<b>368,612</b>	<b>548,969</b>	<b>589,403</b>
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
Borrow ings	415,385	566,658	465,134	518,910
Derivate financial instruments	-	14,762	19,154	18,167
Deferred income tax liabilities	11,072	11,222	6,730	8,803
Retirement benefit obligations	6,153	5,584	6,629	6,498
Trade and other payables	8,112	5,614	5,200	5,407
<b>Total Non-current Liabilities</b>	<b>440,721</b>	<b>603,840</b>	<b>502,846</b>	<b>557,786</b>
<b>Current Liabilities</b>				
Trade and other payables	112,626	100,524	173,723	132,780
Current income tax liabilities	950	2,567	1,464	1,735
Borrow ings	65,984	35,377	67,702	123,313
<b>Total Current Liabilities</b>	<b>179,560</b>	<b>138,468</b>	<b>242,889</b>	<b>257,828</b>
<b>Total Liabilities</b>	<b>620,281</b>	<b>742,308</b>	<b>745,735</b>	<b>815,614</b>
<b>Total Equity and Liabilities</b>	<b>1,014,369</b>	<b>1,110,920</b>	<b>1,294,704</b>	<b>1,405,017</b>

# Cash flow statement

(in USD '000)	2007/08	2008/09	2009/10	1H 2010	1H 2011
<b>Cash Flow from operating activities</b>					
Profit for the year/period before income tax	33,595	(5,097)	46,805	9,314	22,045
Adjustments for:					
Depreciation	32,071	31,736	39,385	18,455	21,306
Amortization of land premium	40	197	65	32	55
Gain on change in fair value of biological assets	(16,630)	(16,196)	(10,965)	(7,321)	(8,700)
Profit on disposal of property, plant & equipment	(11)	(99)	(6)	(2)	-
Increase in defined benefit obligations	564	1,586	1,654	716	546
Net fair value loss/(gains) on derivative financial instruments	-	(27,281)	10,413	10,412	1,212
Finance costs - net	37,659	82,298	36,969	21,807	27,259
Bad debts written off	-	121	41	-	-
Inventory written off	-	-	111	109	120
Provision for inventory	-	233	-	-	-
Changes in working capital					
Decrease/(increase) in inventories	(4,374)	16,139	(42,932)	(11,866)	10,905
Decrease/(increase) in trade and other receivables	(16,492)	15,517	(29,206)	(29,942)	(11,852)
(Increase)/decrease in trade and other payables	24,110	30,538	48,402	(13,312)	(33,367)
<b>Cash generated from operations</b>	<b>90,532</b>	<b>129,692</b>	<b>100,736</b>	<b>(1,598)</b>	<b>29,529</b>
Income taxes paid	(5,047)	(2,288)	(6,032)	(5,911)	(3,723)
<b>Net cash generated from operating activities</b>	<b>85,485</b>	<b>127,404</b>	<b>94,704</b>	<b>(7,509)</b>	<b>25,806</b>

# Cash flow statement

(in USD '000)	2007/08	2008/09	2009/10	1H 2010	1H 2011
<b>Cash flow s from investing activities</b>					
Acquisition of BGPPL, net of cash acquired	(477,508)	28	-	-	-
Repayment of SFI seller's note	(45,000)	(36,000)	-	-	-
Further consideration paid on acquisition of SFI	(5,171)	-	-	-	-
Purchase of property, plant & equipment	(25,323)	(20,246)	(3,132)	(3,984)	(2,922)
Additions to capital work-in-progress	(93,821)	(216,978)	(48,708)	(36,178)	(93,253)
Proceeds from disposal of property, plant & equipment	10	117	484	2	74
Purchase of available-for-sale investment	-	(3,920)	(2,831)	(2,831)	-
Interest received	1,142	2,191	2,057	1,884	9,481
Increase in restricted deposits	(4,688)	(122)	(803)	4,448	880
<b>Net cash used in investing activities</b>	<b>(650,359)</b>	<b>(274,930)</b>	<b>(52,933)</b>	<b>(36,659)</b>	<b>(85,741)</b>
<b>Cash flow s from financing activities</b>					
Finance cost paid	(14,776)	(35,703)	(46,616)	(22,789)	(20,499)
Proceeds from borrowings	478,349	217,174	368,219	401,971	414,736
Repayment of borrowings	(104,880)	(17,049)	(498,286)	(498,286)	(336,762)
Net movement in cash credit, packing credit, bankers acceptance and finance lease liabilities	17,499	(15,144)	(1,193)	4,115	17,332
Proceeds from issuance of profit certificates	-	-	55,000	55,000	-
Proceeds from issuance of compulsory convertible debentures	-	-	97,288	97,288	-
Proceeds from issuance of shares	175,005	-	-	-	-
<b>activities</b>	<b>551,197</b>	<b>149,278</b>	<b>(25,588)</b>	<b>37,299</b>	<b>74,807</b>
Effect of change in exchange rate equivalents	30,227	(10,754)	(1,634)	12,455	847
equivalents	16,550	(9,002)	14,549	5,586	15,719
Cash, cash equivalents at beginning of year/period	7,017	23,567	14,563	14,563	29,112
Cash, cash equivalents at end of year/period	23,567	14,565	29,112	20,149	44,831