



SATIA INDUSTRIES LIMITED
AN ISO 9001, 14001 & OHSAS 18001 COMPANY

Satia Industries Limited

Investor Presentation
August 2023





Safe Harbor



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Satia Industries Ltd. will not be responsible for any action based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Company Overview

Satia Industries Limited (SIL), located in the District of Muktsar, Punjab, was **incorporated by Dr. Ajay Satia** and commenced its operations in **1984**.

SIL supplies 40%-50% of its production to State textbook boards, with the balance sold in the open market through a pan-India network of **100+ dealers and three branch offices** located in Delhi, Chandigarh & Jaipur with total Employee strength of 2,200+ head counts

SIL has **540 acres of eucalyptus plantations**. Besides, under Project Green, we distributed 1 lac Eucalyptus saplings to farmers for plantation over 1,000 acres under our Social Forestry Initiative.

Vision

‘To become a leader in its segment with excellence in all-round performance creating value for all stakeholders of the company, society and the economy.’



Mission

‘To sustain growth with technological upgradation and innovation continuously for achieving cost competitiveness with sustained profitability, excellence in quality and win customer satisfaction and loyalty.’

SIL is one of India’s **leading Wood and Agro-based paper manufacturers**, with a completely integrated manufacturing setup with 4 paper machines, 100% in-house power generation, soda recovery plant and one of the best effluent treatment facilities in the nation.

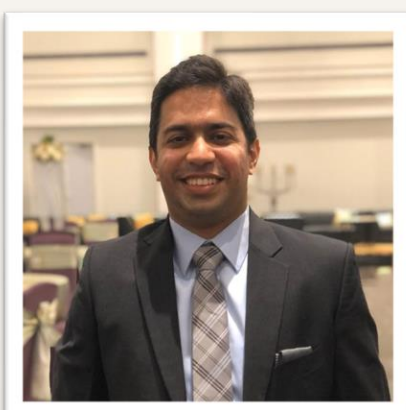
Last year the company added a **4th state of the art paper machinery** to its production facilities with a capacity of 100,000 MTPA. With a **diverse Capex program** to modernize and scale up its capacities, SIL now has a total installed capacity of 2,19,000 MT in FY23.

Core Leadership Team



Dr. Ajay Satia
Chairman & MD

Dr. Satia is an MBBS. He was the pioneer in setting up this integrated paper mill. Dr. Satia has a passion for work, flair for technology and possesses unparalleled enterprising spirit for expansion and modernization.



Mr. Chirag Satia
Executive Director

He has been the driving force behind new initiatives since he joined in 2015 and looks after Finance, Accounts and Commercial Operations. His enterprising spirit and visionary outlook have added new energy to the workforce.



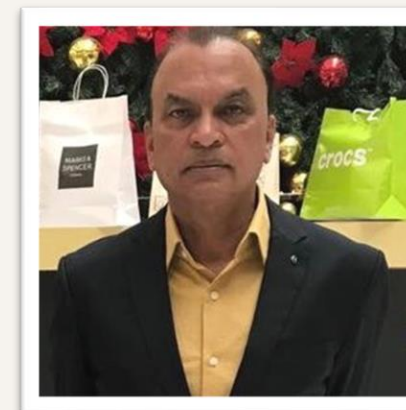
Mr. RK Bhandari
Joint MD

Mr. Bhandari is an MBA. He has been instrumental in marketing, in the formulation & execution of SIL's core business strategies for the last 33 years. He has been instrumental



Mr. Rachit Nagpal
CFO

Mr. Nagpal is a Chartered Accountant by profession and has more than 10 years of experience. He handles treasury management, financial reporting, tax compliances, project financing and budgeting in the Company



Mr. Hardev Singh
Director (Technical)

Mr. Hardev Singh has a rich experience of 35 years. He is key pillar in the company for technical aspects. He has been instrumental in installation of all projects in the company.

Leadership Reflections



Mr. Chirag Satia
Executive Director

We are thrilled to unveil our company's exceptional performance in the face of a challenging external landscape. Despite these challenges, our dedication and strategic approach have yielded remarkable results. The Revenue from Operations has increased by 15% yoy in Q1FY24.

Notably, our EBITDA also achieved significant progress as well, and increased by 114% yoy to reach INR 1,493 Mn. This impressive growth can be attributed to a combination of factors, including a robust upswing in volume and the favourable effects of improved economies of scale. As a result, our EBITDA margins have soared to 31.0% during this quarter, representing the highest margin achievement in our company's history.

These remarkable results are a direct outcome of our commitment to streamlining operations, optimizing resource allocation, and enhancing overall operational efficiency.

These efforts have had a direct impact on our improved EBITDA margins, further reinforcing our ability to navigate challenges effectively.

Looking ahead, we maintain a positive outlook for the coming year, as we expect to witness sustained healthy volume growth. Our strong partnerships with state boards, coupled with a promising demand outlook for the Printing & Writing Papers segment, provide a solid foundation for this anticipated growth trajectory.

Furthermore, our company's commanding position in the state's textbook segment translates into substantial revenue visibility for the medium term. This robust order book underscores our stability and positions us favourably to capitalize on market opportunities.

Journey and Milestones

1980-2000



- **1980**
Incorporation of Satia Industries
- **1984**
Started production With Paper Machine-1; capacity 4,950 MTPA
- **1989**
Second Paper Machine-2 installed
- **1993**
Production Crossed 10,000 MTPA
- **1998**
Installed Paper Machine-3 and 80 TPD waste pulp

2000-2015



- **2002-03**
Power co-generation plant (5 MW) installed/150 TPD continue digester
- **2006**
 - CRP and power plant 5 MW TG Installed
 - 220 MT agro Pulp mill (unbleached and bleached plant)
- **2011-12**
 - Increased power plant to 23.30 MW.
- **2014-15**
 - 200 TPD continue digester
 - Capacity of Chemical Recovery Plant was enhanced

2015-2019



- **2015-16**
Listing of SIL's Equity Shares on BSE in September 2015
- **2016-17**
 - Additional Power generation of 10.45 MW and New Solar plant of 2.29 MW.
- **2017-2018**
 - 120 TPD Wood pulp Mill
 - Added Solar Capacity of 3.25 MW.
 - Increased PM2 Speed from 400-650 MPM
- **2018-19**
PM-1 speed increased upgrading from 500 to 700 MPM

2019-2021






- **2019-20**
 - Recorded Highest Production of 1,33,191 MT and the capacity of CRP plant increased from 400-650 TPD.
 - Listing of SIL's Equity Shares on NSE in July 2019
- **2020-21**
 - Installation of Multifuel Boiler (cost saving of approx. INR 250 Mn per year)
 - 14 MW turbine
 - Machinery procured for Table Cutlery Segment

2021-2025





- **2021-22**
 - Commencement of Commercial Production from Paper Machine 4 with capacity of 1,00,000 tons.
 - Enhancement of Pulping Capacity to 150 TPD

Production Capacity: Overview

	Facility type	Description	Competitive Advantage
	<p>Pulping Capacity</p>	<p>Total Capacity-550 TPD - Mix of Agro, Wood Pulp and Waste Paper</p>	<ul style="list-style-type: none"> • Strategic Location in the Wheat belt area of Punjab makes procurement of RM easy and cost-effective with no other paper mill in 100 Km radius. • Wood Pulp Digester automation will led to reduction in steam consumption resulting in savings of ~ INR 220 MN PA.
	<p>Paper Machines</p>	<p>4 machines having capacity of 700 TPD</p>	<ul style="list-style-type: none"> • PM 4 gave SIL an opportunity to manufacture superior quality paper & allows it to add new products to its current product mix.
	<p>Chemical Recovery</p>	<p>Capacity- 650 TPD</p> <p>Recovery & re-use Caustic Soda which is used for cooking of agro and Wood chips from Black Liquor, a polluting effluent generated in the process of pulp making</p>	<ul style="list-style-type: none"> • Re-use of Caustic soda to the extent of 90%-95% • Steam Generated is used to generate power in-house.

Production Capacity: Overview

	Facility type	Description	Competitive Advantage
	<p>Power generation</p>	<p>4 Turbines with total capacity of 41.95 MW</p>	<ul style="list-style-type: none"> • 100% Self-sufficiency of power requirements. • REC/carbon credits for clean power generation • Low cost of power vis-à-vis drawn from grid
	<p>Eucalyptus Plantations</p>	<p>Eucalyptus plantations of 540 acres as per Karnal Technology</p>	<ul style="list-style-type: none"> • The Plantations act as a future source of raw material • Open Market sale generates tax-free Agricultural income

Transitioning the cyclical business to non-cyclical with **consistent financial success**

Focused raw material procurement - Satia is one of the largest wood and Agro-based (based on wheat straw) paper producers. Besides, we have a paper recycling facility of 150 TPD. Satia's facility is located in the wheat belt, which gives easy access to procure desired raw material as there is no other facility in 100 KM vicinity.



Thoroughly backward integrated manufacturing facility leading to sustainable margins - Satia has always followed a step ahead approach in terms backward integration at various levels - power, caustic soda, wood plantation which gives prominent cost savings and helps in achieving better profit margins. Further, the captive power plant enables Satia to earn Renewable Energy Certificates (REC).



Deeply rooted Customer relationship - Satia has developed a substantial and long-standing relationship with various state boards and publishers of text books. Some relations extend beyond 10-15 years. The customers of Satia are spread across India.



Due to above factors there is continuous growth in revenues, profitability, cash flows and return ratios.

Strategic and Sustainable Revenue Model



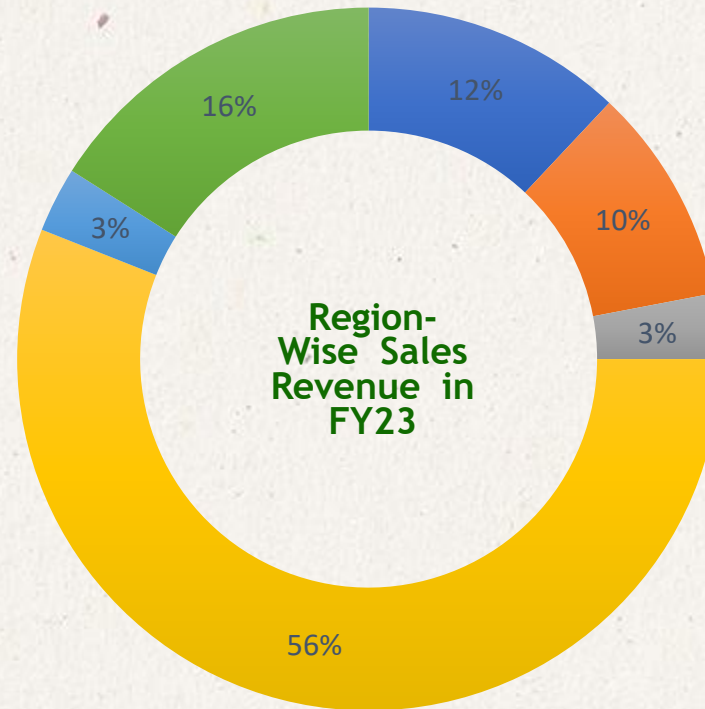
Supplies to State boards: ~40-50% of Revenues

- SIL supplies High-quality watermark paper to various state boards.
- Consolidated demand from all Text-books boards is approximately 5,00,000 TPA of paper
- By supplying ~50-75k TPA to various state boards, SIL boasts of a major market share in this vertical.
- The State Text-book orders are tender driven businesses, these projects are State government funded under Sarva Shiksha Abhiyaan with average receivable days happen to be 25-30 days
- Sales to Textbook boards command higher operating margins compared to open market, attributed to higher GSM and lower finishing loss and higher production.



Open market supplies: ~50-60% of Revenues

- SIL supplies retail traders through its strong Pan- India distribution network with 70+ dealers and three branch offices in Delhi, Chandigarh & Jaipur.
- Out of total sales from Open Market Supplies, ~5-10% of sale comes from Rajasthan and Delhi in a Direct sale, to end users, and facilitated by the SIL's employees.
- A variety of paper grades are manufactured for this vertical ,i.e. Exercise book paper, Snow white paper, SS Maplitho paper, Ledger paper, Copier paper, Colour printing paper etc.



■ CENTRAL ■ EAST ■ EXPORT
■ NORTH ■ SOUTH ■ WEST

Marquee Clients



Bal Bharti



**Assam State Text Book
Production & Publication
Corporation Ltd**



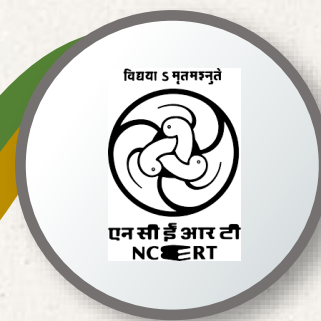
**Odisha State Bureau of
Textbook**



**Chhattisgarh Pathya
Pustak Nigam**



**Rajasthan Raja
Pathyapustak Mandal**



NCERT



**Burda Druck India
Private Limited**



**West Bengal Text
Book Corporation
Ltd**



**Himachal Pradesh
Board of School
Education**



Indian Railways



**State Election
Commission (UP)**



DAV

Key Highlights Q1FY24



Recent Developments



FITCH India Rating has upgraded our rating from 'A' to 'A+' with a Stable outlook.



Displacement Digester System (DDS) system has been commissioned partially which is leading to substantial savings in steam consumption and production



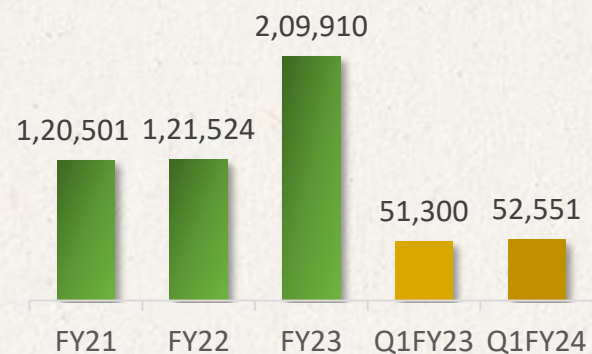
During the quarter, we received orders from Himachal Pradesh, Telangana, Jharkhand, NCERT and DAV committee totalling to around 12,000 tons



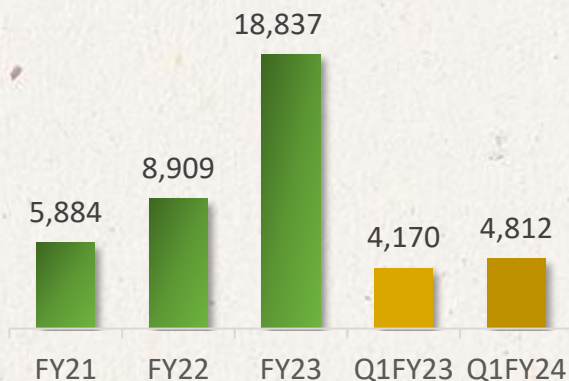
During the quarter, the company prepaid term loans of INR 342.7 Mn

Key Performance Indicators

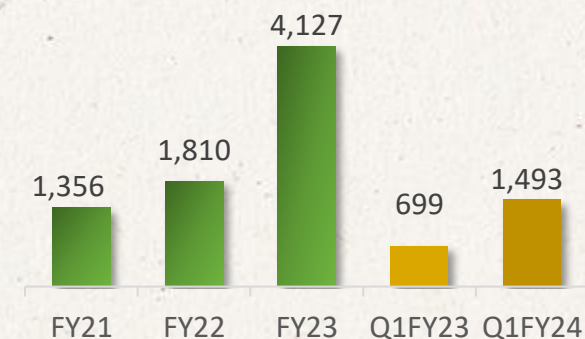
Volume (MT)



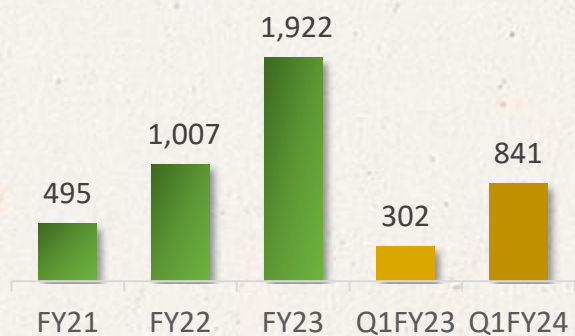
Income (INR Mn)



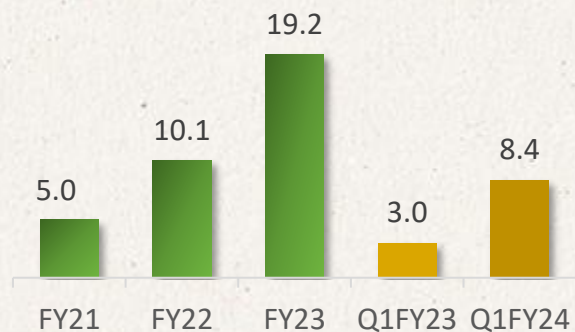
EBITDA (INR Mn)



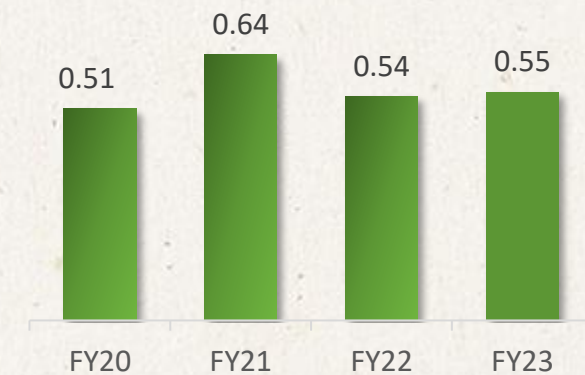
PAT (INR Mn)



EPS (INR)



Net Debt:Equity (x)

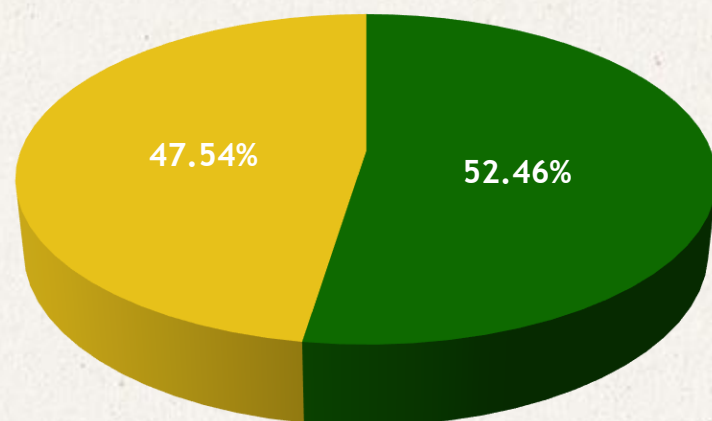


Financial Statement Highlights

Particulars (INR Mn)	Q1FY24	Q4FY23	QoQ	Q1FY23	YoY
Revenue from Operations	4,812	5,206	-8%	4,170	15%
Other Income	35	28	25%	40	-12%
Total Income	4,847	5,234	-7%	4,210	15%
Expenses					
Cost of material consumed	1,984	2,054	-3%	2,086	-5%
Purchases of traded goods	15	34	-57%	81	-81%
Change in inventory of finished goods, stock in trade and work in progress	-31	16	-292%	16	-298%
Employee Benefit Expenses	246	296	-17%	181	36%
Finance Cost	78	100	-22%	74	4%
Depreciation	326	1,123	-71%	300	9%
Other Expenses	1,105	1,445	-24%	1,109	0%
Total Expenses	3,722	5,068	-27%	3,846	-3%
Profit before Tax	1,124	167	574%	364	209%
Current tax	314	26		61	
Deferred Tax	-31	-322		0	
Profit for the period	841	463	82%	302	178%
Earnings per share (not annualised)					
Basic and Diluted	8.4	4.6		3.0	

Capital Market Indicators

Shareholding as of 30th June 2023



■ Promoters & Promoters Group
■ Public

Stock Performance



Thank You

*For further information on the Company,
please visit www.satiagroup.com*



Rachit Nagpal (CFO)
Satia Industries Limited
rachit@satiagroup.com
P: +01633-262001



Runjhun Jain / Jeevika Hemani
EY LLP
[runjhun.jain1@in.ey.com/](mailto:runjhun.jain1@in.ey.com)
jeevika.hemani@in.ey.com
M: + 91 9820720993/9811685619