



SATIA
INDUSTRIES
LIMITED

An ISO 9001, 14001 &
OHSAS 18001 company
CIN : L21012PB1980PLC004329

Manufacturer of Quality
Writing, Printing & Speciality
Paper with ECO MARK
GST IN : 03AACCS7233A1ZZ
www.satiagroup.com

IS 1848



SIL/CS

Date: 22.07.2025

The Manager, Listing Department, BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400001	The Manager Listing Department National Stock Exchange of India Ltd Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.
Scrip Code: 539201	Symbol: SATIA

Subject: Submission of Rating issued by India Ratings & Research (Ind-Ra) - Satia Industries Limited (SIL)

Dear Sir/Madam,

Pursuant to Regulation 30 and other applicable provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015. We are enclosing herewith copy of the rating issued by India Ratings & Research Private Limited (Ind-Ra) and have assigned the following credit rating to Satia Industries Limited.

Details of Instruments

Instrument Description	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Watch	Rating Action
Term loan	-	-	30 September 2032	INR3,734.2	IND A+/Stable	Affirmed
Term loan	-	-	30 September 2032	INR382.2	IND A+/Stable	Assigned
Non-fund-based working capital limit	-	-	-	INR1,250	IND A+/Stable/IND A1+	Affirmed
Non-fund-based working capital limit	-	-	-	INR18	IND A+/Stable/IND A1+	Assigned
Fund-based working capital limit	-	-	-	INR1,100	IND A+/Stable/IND A1+	Affirmed
Proposed commercial paper*	-	-	-	INR350	IND A1+	Affirmed
Proposed term loan	-	-	-	INR60	IND A+/Stable	Affirmed
Proposed term loan	-	-	-	INR15.6	IND A+/Stable	Assigned
Proposed non-convertible debenture**	-	-	-	INR1,000	WD	Withdrawn

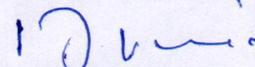
*Carved out and sub-limit of existing fund-based working capital limits.

**The company did not proceed with the instrument as envisaged.

This is for your information and record please.

Thanking you,

Yours sincerely,
For Satia Industries Ltd


(Rakesh Kumar Dhuria)
Company Secretary

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India Ratings Affirms Satia Industries's Bank Loans at 'IND A+'/Stable and Proposed CP at 'IND A1+'; Rates Additional Limits

Jul 21, 2025 | Paper & Paper Products

India Ratings and Research Private Limited (Ind-Ra) has taken the following rating actions on Satia Industries Limited's (SIL) bank facilities and instruments:

Details of Instruments

Instrument Description	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Watch	Rating Action
Term loan	-	-	30 September 2032	INR3,734.2	IND A+/Stable	Affirmed
Term loan	-	-	30 September 2032	INR382.2	IND A+/Stable	Assigned
Non-fund-based working capital limit	-	-	-	INR1,250	IND A+/Stable/IND A1+	Affirmed
Non-fund-based working capital limit	-	-	-	INR18	IND A+/Stable/IND A1+	Assigned
Fund-based working capital limit	-	-	-	INR1,100	IND A+/Stable/IND A1+	Affirmed
Proposed commercial paper*	-	-	-	INR350	IND A1+	Affirmed
Proposed term loan	-	-	-	INR60	IND A+/Stable	Affirmed
Proposed term loan	-	-	-	INR15.6	IND A+/Stable	Assigned
Proposed non-convertible debenture**	-	-	-	INR1,000	WD	Withdrawn

*Carved out and sub-limit of existing fund-based working capital limits.

**The company did not proceed with the instrument as envisaged.

Analytical Approach

Ind-Ra continues to take a standalone view of SIL for the rating review.

Detailed Rationale of the Rating Action

The affirmation reflects SIL's comfortable business profile with an integrated nature of operations and a healthy market position in state textbook segment. The company also benefits from operational efficiencies, leading to healthy EBITDA margins and cash flows through the cycle. The margins moderated in FY25 from the supernormal highs witnessed in FY24 and could decline further in FY26, given the softness in paper prices and the planned shutdown for the upgradation of one of its paper machines. However, Ind-Ra expects SIL to benefit from increased volumes and operational efficiencies 2HFY27 onwards with the completion of the aforesaid capex. Ind-Ra believes the integrated operations and cost efficiencies with the ability to use multiple feedstocks would ensure a healthy margin profile through-the-cycle. The ratings are also supported by the robust credit metrics with the net leverage of less than 1x over FY24-FY25. Despite the likely slight deterioration in the leverage position in FY26 owing to the combined effect of capex and lower EBITDA, Ind-Ra believes SIL's credit metrics are likely to remain healthy. However, the ratings remain constrained by the cyclical nature of the paper industry, resulting in fluctuations in

the EBITDA. The return on capital employed (RoCE) fell to a multi-year low in FY25 with a fall and a recovery will be contingent on a pick-up in the EBITDA post capex completion.

List of Key Rating Drivers

Strengths

- Integrated nature of operations
- Healthy market position in state's textbook segment
- Upgradation to improve medium-term business growth
- Credit metrics to remain robust

Weaknesses

- Operational EBITDA to fall in FY26; Gradual Recovery to Mid-cycle levels by 2HFY27
- Industry cyclicality risks

Detailed Description of Key Rating Drivers

Integrated Nature of Operations: SIL is among India's leading manufacturers of writing and printing paper, with an installed capacity to manufacture 205,000 metric tonnes per annum (MTPA) of paper as on 31 March 2025, comprising various varieties, colours and grades and with a track record of more than four decades. SIL's plant in Muktsar (Punjab) has adequate availability of wheat straw, wood chips and veneer waste to meet the company's raw material requirements. SIL procures its key raw materials (wheat straw, rice straw, wood chips) largely (up to 95%) from the local catchment areas. SIL has an integrated manufacturing facility, which includes paper machines, an in-house pulp manufacturing facility, a captive power generation plant to meet 100% of its power requirement and a chemical recovery plant. While the paper industry is fragmented with over 750 paper mills in existence, fewer than 100 mills have a capacity of more than 50,000MTPA and fewer than 20 have a scale and integration that is comparable with SIL's. High capital investment, technical expertise, gestation period and raw material procurement challenges restrict the entry of players of this scale in the industry.

Healthy Market Position in State's Textbook Segment: SIL continues to have a healthy market share of 10%-15% in the state's textbooks market in India. It has a longstanding relationship with the state's textbook corporations for supplying paper. The state's textbook segment usually commands higher operating margins than SIL's open market sales and contributes 30%-50% to its overall sales. SIL's healthy order book position of INR2,085 million (at end-May 2025) in the state textbook segment provides revenue visibility over the medium term.

Upgradation to Improve Medium-term Business Growth: SIL continued to fully utilise its existing paper capacity, recording a modest volume growth of around 1% to 215,520MT in FY25 (FY24: 213,805 MT; FY23: 209,910 MT). Considering that its existing capacity is fully utilised, the company intends to upgrade its existing paper machine (PM-3) over a six-to-nine-month period starting November 2025 which would add 18,000-20,000MTPA to the consolidated capacity, increasing it by 10%. As a result, SIL's volume growth is likely to pick up in FY28. Ind-Ra believes the fundamental demand prospect for paper remains stable over the medium term, given its under penetration across segments. Paper demand in the education sector will continue to grow with an increase in literacy rate with the overall writing and printing segment likely to grow at a low-single digit. The capex would necessitate the closure of PM-3 over the upgradation period, thereby resulting in some volume loss over 2HFY26-1HFY27. Initially scheduled over FY25-FY26, the capex was deferred in view of the market conditions and machinery availability. In addition, SIL is installing a new recovery boiler which is due for commissioning by end-September 2027.

SIL's product mix consists of multiple products used in both education and corporate sectors. Maplitho paper and snow-white paper were the highest sale contributors, accounting for 35% and 20%, respectively, of the total sales in FY25 while other varieties included surface size, copier, cream wove, and high-quality SS Maplitho paper.

The large capex investments undertaken by the company are not yet yielded results fully as evident from a moderated RoCE of 9% in FY25 (FY24: 21%, average over FY21-FY25: 13%); however, some operational efficiencies and cost benefits are achieved by the company.

Credit Metrics to Remain Robust: The net leverage (net debt/EBITDA) remained low at 0.4x in FY25 (FY24: 0.7x, FY23: 1.0x) with the net debt reducing to INR1,442 million in FY25 (FY24: INR3,347, FY25: INR4,793 million) on account of a healthy cash flow generation despite the fall in the EBITDA. Similarly, the interest coverage (EBITDA/gross interest expense) stood comfortable at 10.6x in FY25 (FY24: 14.0x, FY23: 11.7x). SIL is likely to incur capex of INR4 billion-4.5 billion over FY26-FY27 towards the planned upgradation of PM3 machine, recovery boiler and routine maintenance, higher than the preliminary estimates. While the capex, combined with a likely decline in EBITDA in FY26, could lead to an increase in the net leverage in the near-term, Ind-Ra expects the credit metrics to remain comfortable. Furthermore, once the incremental capacity is ramped up, the credit metrics are likely to improve in FY28. Ind-Ra understands from SIL's management that there is no expansionary capex planned in the near term with the focus being on returns maximisation through efficiency improvements.

Operational EBITDA to Fall in FY26; Gradual Recovery to Mid-cycle levels by 2HFY27: After hitting a supernormal level of 24% in FY24, SIL's EBITDA margins moderated to around 18% in FY25 as prices cooled off, resulting in the EBITDA falling 35% yoy to INR2,703 million. The lower price realisations and the higher wood chip prices resulted in the EBITDA/kg declining to INR12.5/kg in FY25 (FY24: INR19.5/kg; FY23: INR19.8/kg), though they remain on par with the decadal average. Ind-Ra expects the EBITDA to decline further in FY26 given the likely fall in volumes on account of the shutdown to complete the upgradation and a resultant impact on fixed cost absorption. Furthermore, the domestic paper industry remains exposed to low-cost imports from China and other ASEAN (Association of Southeast Asian Nations) countries. After hitting a supernormal high in FY23, SIL's realisation continued to fall to around INR70/kg in FY25 (FY24: INR 80/Kg; FY23: INR91/kg) as increased imports compelled domestic manufactures to reduce prices. Ind-Ra believes the threat of imports affecting domestic paper prices looms, particularly with the possibility of the US tariffs on China leading to supply realignment.

However, with an increase in volumes and improved fixed cost absorption, Ind-Ra expects a significant uptick in EBITDA 2HFY27 onwards. Furthermore, improved operational efficiencies like a higher use of rice straw for power generation since FY24 (FY24: 30%, FY25: 85%) was instrumental in reducing power and fuel cost to INR6.0/kg in FY25 (FY24: INR9.4/kg). Being a key supplier to state textbook boards, SIL also commands higher operating margins compared to sales in open market.

Industry Cyclicity Risks: The paper industry is cyclical in nature and incumbents are exposed to volatility in raw material prices, as well as the threat of imports, which could prevent companies from passing on increases in raw material prices. As a result, SIL's EBITDA margins have ranged between 18% and 24% over FY18-FY25. The key raw materials include wood chips, veneer waste, wheat straw. Wood chips and veneer waste are byproducts from the wood industry whose supply is affected by plantation activities, weather conditions, natural disasters and increasing demand from the paper, residential heating, landscaping and renewable energy industries. In FY24-FY25, wood chip prices have been elevated on account of the lower supply and increasing demand. While the ability to use multiple feedstock (wood and Agro), provides some protection to SIL (around 55% through wheat straw), the availability and prices of Agro commodities are also susceptible to Agro climatic factors. Furthermore, lumpy capacity additions that are not commensurate with demand growth could simultaneously exert an upward pressure on raw material prices and a downward pressure on finished product prices, leading to a weakening of profit margins.

Liquidity

Adequate: At FYE25, the company had unencumbered cash and current investments of INR1,139 million (FY24: INR3 million; FY23: INR4 million). SIL's average use of the fund-based working capital limit was about 40% for the trailing 12 months ended April 2025, indicating cushion. SIL has adequate drawing power to avail from unutilised limits. Its cash flows have demonstrated resilience during economic downturns, with the cash flow from operations (CFO) remaining positive over the 10 years ended FY25 (FY25: INR2,853 million; FY24: INR 3623 million). Ind-Ra expects the CFO to remain robust in the medium term, supported by healthy EBITDA margins and a moderate working capital cycle. The free cash flow (FCF) remained positive over FY23-FY25 after being negative over FY20-FY22 (FY25: INR1,241 million, FY24: INR1,433 million; FY23: INR412 million) and is likely to be affected over FY26-FY27 owing to the capex. SIL has repayment obligations of INR1,071 million and INR699 million in FY26 and FY27, respectively, which are likely to be funded by internal accruals. Related-party transactions have historically remained minimal, but any significant outflow could be construed as a rating negative.

Rating Sensitivities

Positive: Steady growth in the scale and profitability, along with a diversified product mix, leading to the net leverage remaining below 1.25x, on a sustained basis, could be positive for the ratings.

Negative: Deterioration in the profitability and/or a large debt-funded capex, leading to the net leverage exceeding 1.75x, on a sustained basis, could be negative for the ratings.

Any Other Information

Not applicable

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on SIL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

SIL was incorporated in year 1980 by Ajay Satia. It manufactures writing and printing paper at its integrated facility in Muktsar, Punjab having installed capacity of 205,000MTPA. The company's revenue declined 12.1% yoy to INR15,120 million in FY25, due to the softening of paper prices.

Key Financial Indicators

Particulars (INR million)	FY25	FY24
Revenue	15,120	17,208
EBITDA	2,703	4,187
EBITDA margin (%)	17.9	24.3
Interest coverage (x)	10.6	14.0
Net leverage (x)	0.4	0.7
Source: SIL, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook					
				3 October 2024	7 May 2024	22 September 2023	27 March 2023	26 September 2022	11 August 2022
Term loan	Long-term	INR4,192	IND A+/Stable	IND A+/Stable	IND A+/Stable	-	IND A+/Stable	IND A/Positive	IND A/Positive
Fund-based working capital limits	Long-term/Short-term	INR1,100	IND A+/Stable/IND A1+	IND A+/Stable/IND A1+	IND A+/Stable/IND A1+	-	IND A+/Stable/IND A1+	IND A/Positive /IND A1	IND A/Positive /IND A1
Non-fund-based working capital limits	Long-term/Short-term	INR1,268	IND A+/Stable/IND A1+	IND A+/Stable/IND A1+	IND A+/Stable/IND A1+	-	IND A+/Stable/IND A1+	IND A/Positive/IND A1	IND A/Positive/IND A1
Proposed commercial paper*	Short-term	INR350	IND A1+	IND A1+	-	-	-	-	-
Proposed non-convertible debentures	Long-term	INR1,000	WD	IND A+/Stable	-	-	-	-	-
Issuer rating	Long-term	-	-	-	-	WD	IND A+/Stable	IND A/Positive	IND A/Positive

*Carved out and sub-limit of the existing fund-based working capital limits

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Proposed commercial paper	Low
Fund-based working capital limit	Low
Proposed non-convertible debenture	Low
Non-fund-based working capital limit	Low
Term loan	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Contact

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About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process

Short-Term Ratings Criteria for Non-Financial Corporates

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