SIL/CS

Date: 29.07.2026

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 Type	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (INR million)	Rating Assigned along with Watch/Outlook	Rating Action
Bank loan facilities	RBI	-	-	-	6,990	IND A+/Stable/IND A1+	Affirmed
Proposed commercial paper*	RBI	-	-	Up to 365 days	350	IND A1+	Affirmed

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

This is for you reference and records please.

Thanking you,

Yours Faithfully,

For Satia Industries Limited

RAKESH KUMAR DHURIA
Digitally signed by RAKESH KUMAR DHURIA Date: 2026.07.29 16:56:24 +05'30'

(Rakesh Kumar Dhuria)
Company Secretary and Compliance Officer

India Ratings & Research
A Fitch Group Company

India Ratings Affirms Satia Industries' Bank Facilities at 'IND A+'/Stable/'IND A1+' and Proposed CP at 'IND A1+'

Jul 29, 2026 | Satia Industries Limited | Paper & Paper Products

India Ratings and Research (Ind-Ra) has affirmed the ratings on Satia Industries Limited's (SIL) bank facilities and other debt instruments as follows:

Details of Instruments

Instrument Type	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (INR million)	Rating Assigned along with Watch/Outlook	Rating Action
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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 integrated operations, a healthy market position in the state textbook segment, operational efficiencies driving robust EBITDA margins (averaging 16%-17% over the past 10-15 years), and healthy cash flow generation through industry cycles. While the existing capacities are fully utilised, Ind-Ra expects SIL's ongoing capacity expansion to drive volume growth in FY28. Ind-Ra believes SIL's integrated operations and cost efficiencies with the ability to use multiple feedstocks would ensure a healthy margin profile through the cycle.

SIL's EBITDA margin declined to a 15-year low of around 8.5% in FY26 (FY25: 18%) due to a combination of weak realisations from sustained import pressure and elevated feedstock costs impacting profitability across the industry. The paper industry is inherently cyclical, with volatility largely driven by the supply side. The weakness in paper prices is attributable to competition from low-priced imports, amid India's writing and printing paper segment recording low-single-digit year-over-year domestic demand growth. A sharp increase in wheat straw (key raw material) costs mainly due to floods in Punjab, hit the margins in FY26. The paper price recovery witnessed over the past few months (May 2026: INR71.5/kg vs December 2025: INR65/kg) is likely to continue and realisations are likely to average higher yoy in FY27. However, the agency expects SIL's margins to be stable in FY27, given the planned shutdown for upgrading one of its four paper machines and an increase in costs of some of the inputs, with a significant recovery likely from FY28 due to increased volumes and improved operational efficiencies after the completion of its ongoing capex.

The ratings continue to be supported by SIL's comfortable credit metrics, although its net leverage (net debt/EBITDA) rose to 1.4x in FY26 (FY25: 0.4x) due to a sharp fall in profitability. Ind-Ra expects the ongoing capex for increasing paper capacity and improving operational efficiencies and lower EBITDA to increase the net leverage to over 2x in FY27.

However, the ratio should reduce meaningfully in FY28 and remain within Ind-Ra's rating sensitivity thereafter.

List of Key Rating Drivers

Strengths

- Strong business profile with integrated operations; healthy market position in state textbook segment
- Operating efficiencies to keep margins healthy over the cycle
- Capex to drive medium-term business growth
- Credit metrics to remain robust

Weaknesses

- Operational EBITDA to fall marginally in FY27; gradual recovery to mid-cycle levels by FY28
- Industry cyclicality risks

Detailed Description of Key Rating Drivers

Strong Business Profile with Integrated Operations; Healthy Market Position in State Textbook Segment: SIL is among India's leading integrated manufacturers of writing and printing paper with an operating track record of over four decades. It has a total installed paper manufacturing capacity of more than 200,000 tonnes per annum (tpa), comprising various varieties, colours, and grades. SIL has an integrated manufacturing facility, which includes paper machines, an in-house pulp processing facility, a captive power generation plant to meet almost its entire power requirement, and a chemical recovery plant. While the paper industry is fragmented, the number of integrated players with scale comparable to SIL is limited as high capital investment, technical expertise, gestation period, and raw material procurement challenges restrict entry.

SIL has a healthy market share of 10%-15% in the state textbook market in India. It has a longstanding relationships with the state textbook corporations for supplying paper. The state textbook segment usually commands higher operating margins than SIL's open market sales and contributes 30%-50% to its overall sales. Furthermore, SIL's product mix comprises multiple products used in both education and corporate sectors. Maplitho and snow-white papers were the highest contributors to SIL's total sales in FY26, accounting for 32% and 17%, respectively, while other varieties included surface size, copier, cream wove, and high-quality SS Maplitho papers.

Operating Efficiencies to Keep Margins Healthy Over the Cycle: SIL has a well-diversified feedstock base, consisting of wood (chips, pulp) and agricultural residue (wheat straw), with different demand-supply dynamics. SIL's Muktsar (Punjab) plant has adequate availability of raw materials such as wheat straw, wood chips, and veneer waste. SIL procures its key raw materials (wheat straw, rice straw, wood chips) largely from local catchment areas. Over the past two decades, the wood panel and paper industries have collaborated with farmers to promote large-scale plantations of fast-growing species, such as poplar and eucalyptus, to address the growing wood demand. SIL continuously invests in and upgrades its plant to optimise operating efficiencies and improve profitability through measures such as upgrading paper machines and pulping mills, installing multi-fuel boilers for captive power consumption, and adding chemical recovery plants for treating black liquor and recover caustic soda.

SIL has significantly reduced its dependence on imported pulp to about 5% in recent years, from nearly 15% a decade ago. About 95% of the pulp requirement is met in-house with a mix of agro and wood-based pulp. Furthermore, a higher use of rice straw for power generation since FY24 (FY25: 85%; FY24: 30%) has helped reduce power and fuel costs. These measures have enabled SIL to generate robust EBITDA margins of 16%-17% across the industry cycles over the past 10-15 years. While its EBITDA margin declined to a 15-year low of around 8.5% in FY26, Ind-Ra believes SIL's integrated operations and operational efficiencies with the ability to use multiple feedstocks for producing paper (agro and wood based) and power generation (rice husk and rice straw) would ensure a healthy margin profile through the cycle.

Capex to Drive Medium-term Business Growth: The company continues to fully utilise its existing paper capacity, recording a yoy flattish volume of 216,190 tonnes in FY26 (FY25: 215,520 tonnes; FY24: 213,805 tonnes). It is upgrading one of its existing four paper machines (PM-3) over a six-month period starting June 2026, which would add 18,000-20,000tpa to the consolidated capacity by end-3QFY27, increasing it by 10%. This capex would necessitate the closure of PM-3 paper machine over the upgradation period, resulting in some volume loss over the shutdown period. Other three paper machines will operate uninterrupted as per the management. Initially scheduled for FY25-FY26, the start of PM-3 shutdown and capex were further deferred by the management from November 2025 to June 2026 due to the prevailing market conditions and unavailability of machinery components. 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 would continue to grow with an increase in India's literacy rate, with the overall writing and printing segment likely to grow at a low-single-digit.

In addition, SIL is installing a new chemical recovery boiler, which is due for commissioning by end-FY29. The management has deferred commissioning from the earlier scheduled timelines of end-2QFY28, primarily due to a change in the pulping technology in the new boiler. SIL also plans to invest in a property of around INR1,300 million in a phased manner over the next five years (FY26: invested around INR300 million), with no further investment planned in this segment.

Credit Metrics to Remain Robust: SIL's credit metrics remained comfortable in FY26, with the net leverage of 1.4x (FY25: 0.4x; FY24: 0.7x) and interest coverage (EBITDA/gross interest expense) of 5.7x (FY25: 10.6x; FY24: 14.0x). The net debt increased to INR1,813 million in FY26 (FY25: INR1,128 million; FY24: INR3,003 million) due to the reduced EBITDA and capex. SIL is likely to incur a capex of INR4-5 billion over FY27-FY29, mainly towards the planned upgradation of the PM-3 paper machine, chemical recovery plant and boiler, investment property, and routine maintenance. While the capex, combined with a likely marginal decline in FY27 EBITDA, could lead to a rise in the net leverage in the near term, Ind-Ra expects the credit metrics to remain comfortable once the incremental capacity is ramped up. SIL's management has no plans for expansionary capex in the near to medium term, with its focus on return maximisation through efficiency improvements.

Operational EBITDA to Fall Marginally in FY27; Gradual Recovery to Mid-cycle Levels by FY28: The EBITDA margin plunged to a 15-year low of around 8.5% in FY26 (FY25: 18%; FY24: 24%; decadal average: 20%) as input costs rose amid muted paper prices, resulting in the EBITDA falling steeply to INR1,252 million (post factoring one-time employee cost of INR66.7 million, FY25: INR2,703 million). Wheat straw (agro residue) prices rose around 25% yoy in FY26 due to reduced availability led by the floods in Punjab in 2QFY26 and increased demand for fodder from the cattle-feed industry. This resulted in a surge in raw material costs in FY26. However, a healthy wheat production would aid in a reduction in wheat straw prices, although the impact of El-Nino in the later part of 2026 is a key monitorable. Paper realisations declined to around INR67/kg in FY26 (FY25: INR70/kg; FY24: INR 80/Kg) due to a continued influx of imports from China and The Association of Southeast Asian Nations (ASEAN) countries. However, prices picked up to INR70-72/kg over March-May 2026, as per the management, and are likely to have bottomed out in FY26.

Despite the improved wheat straw availability and realisations, Ind-Ra expects the EBITDA to decline marginally in FY27 given the likely fall in volumes with the PM-3 shutdown and its impact on fixed-cost absorption. However, with an increase in volumes and improved fixed-cost absorption, Ind-Ra expects a significant uptick in EBITDA from FY28.

Furthermore, wood availability has gradually improved 4QFY26 onwards, leading to some softening in wood prices. Ind-Ra expects wood availability in India to improve over the next two to three quarters, as the first harvest from post-Covid plantations becomes available. This is likely to somewhat ease wood prices, although they are unlikely to return to the previous lows. The chemical costs (accounting for 18%-22% of the total cost) rose in 1QFY27 due to the ongoing West Asia conflict. Ind-Ra believes that easing of tensions and reducing supply chain disruptions would soften chemical prices over the near term.

ROCE has been low over the past few years and is likely to be subdued with some recovery likely FY28 onwards.

Industry Cyclicality Risks: The paper industry is cyclical 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. The raw materials, 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. Over FY24-FY26, wood chip prices were high due to a lower supply and increasing demand. While the ability to use multiple feedstocks (wood and Agro) provides some protection to SIL (around 55% through wheat straw in terms of quantities), 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 exert an upward pressure on raw material prices and a downward pressure on finished product prices, leading to a weakening of the profit margins.

Liquidity

Adequate: At FYE26, SIL had unencumbered cash and current investments of INR1,170 million (FY25: INR1,139 million; FY24: INR3 million). SIL's average use of fund-based working capital limit was low at about 50% for the trailing 12 months ended May 2026. 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 FY26 (FY26: INR2,335 million; FY25: INR2,853 million). Ind-Ra expects the CFO to remain robust in the medium term, aided by healthy EBITDA margins and a moderate working capital cycle. The free cash flow remained positive over FY23-FY26 after being negative over FY20-FY22 (FY26: INR39 million; FY25: INR1,241 million) and is likely to be affected over FY27-FY28 due to the capex. The company has scheduled repayment obligations of around INR680 million and INR900 million in FY27 and FY28, 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 negative for the ratings.

Rating Sensitivities

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

Negative: Lower-than-expected recovery in the profitability and/or a large debt-funded capex, leading to the net leverage exceeding 1.75x, on a sustained basis, will 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 1980 by Ajay Satia. The company manufactures writing and printing paper at its integrated facility in Muktsar, Punjab with installed capacity of over 200,000tpa.

Key Financial Indicators

Particulars (INR million)	FY26	FY25
Revenue	14,519	15,120
EBITDA	1,252	2,703
EBITDA margin (%)	8.6	17.9
Interest coverage (x)	5.7	10.6
Net leverage (x)	1.4	0.4
Source: SIL, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook				
	Rating Type	Rated Limits (INR million)	Current Rating	8 August 2025	21 July 2025	3 October 2024	7 May 2024	22 September 2023
Bank loan facilities	Long-term/Short-term	6,990	IND A+/Stable/IND A1+	IND A+/Stable/ IND A1+	IND A+/Stable/ IND A1+	IND A+/Stable/ IND A1+	IND A+/Stable/ IND A1+	-
Proposed commercial paper	Short-term	350	IND A1+	IND A1+	IND A1+	IND A1+	-	-
Proposed non-convertible debentures	Long-term	1,000	-	-	WD	IND A+/Stable	-	-
Issuer rating	Long-term	-	-	-	-	-	-	WD

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Commercial paper	Low

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

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

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

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Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

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