



# SATIA INDUSTRIES LIMITED

EARNINGS PRESENTATION  
H1 / Q2-FY20



SATIA INDUSTRIES LIMITED  
AN ISO 9001, 1400 & OHSAS 18001 COMPANY

# Executive Summary



## Company Overview



- Incorporated in 1980, Satia Industries Limited (SIL), is one of the biggest and completely integrated Wood and Agro based paper manufacturers.
- SIL's products are extensively used in the printing of books, directories, envelopes, diaries, calendars, computer stationery, copy manufacture annual reports, etc.

## Key Clientele



- SIL has long standing relationship with State Text book Corporations and around 40% of revenue comes from these organisations.
- The remaining revenue attributes to the Public and Private Sector Companies.

## Manufacturing and Distribution Network



- Manufacturing plant based out of Muktsar with capacity to manufacture over 1,05,000 MT per annum.
- Completely integrated manufacturing operations with 3 paper machines, 100% in-house power generation and effluent treatment.
- Strong Distribution Network: 70 dealers and 3 branch offices.

## FY19 Financial Snapshot

Operational Revenue INR 7,384 Mn	EBITDA INR 1,641 Mn	EBITDA Margin 22.22%	
PAT INR 878 Mn	PAT Margin 11.89%	ROE 29%	ROCE 26%

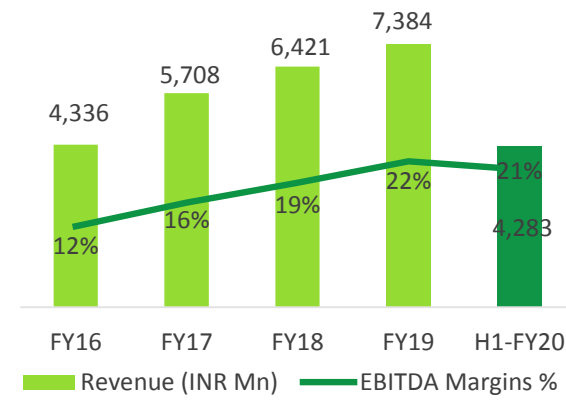
# About The Company



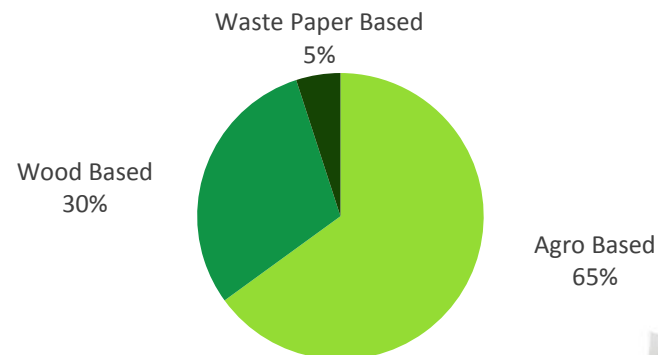
- Incorporated in 1980 by Dr. Ajay Satia, Satia Industries Limited (SIL) started its commercial production of printing and writing paper at Muktsar, Punjab in 1984.
- SIL is one of the biggest Wood and Agro based paper plants in India manufacturing paper using wood chips, veneer waste, wheat straw, sarkanda, etc.
- The Company has a fully integrated manufacturing facility, which includes paper machines, pulping machinery, chemical recovery plant and power generation plant.
- Fully integrated production facility gives superior advantage in terms of cost efficiency and environmental compliance, ultimately leading to superior margin profile compared to peers.
- With a view to improve the quality of pulp and also to save on cooking chemicals, a Continuous Digester has been installed by the Company.
- The product profile includes Super Snow White, Snow White, Photocopier paper, Map litho, Colored paper, Ledger paper, Cartridge paper, Duplicating, bond paper - with and without watermarks and Chromo (Art) paper from GSM range 42 to 200 GSM.
- Satia Industries Limited market its product through dealer network located all over India and through Branches at Jaipur, Delhi & Chandigarh.



## Operational Revenue (INR Mn) & EBITDA Margin (%)



## Raw Materials Used of Total Volumes



# Capex Plan



## Agro – Residue



## Wood chips



## Waste Paper



## CRP



## In-house power generation



**Current Capacity**  
1,05,000 MT of  
Paper

Capex of  
INR 500 Cr



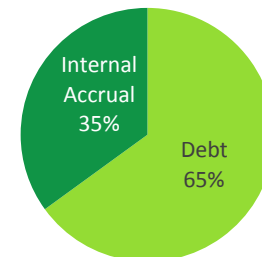
**Capacity  
Expansion of**  
1,00,000 MT of  
Paper

## Updates

- Additional land has already been purchased
- Set of Equipments & Machinery has already been ordered
- Final Hearing for environmental compliance is expected to take place with the Ministry of Environment & Forests, Delhi
- Finances have been tied up for the project

**Plant to be commissioned by  
the end of Q4-FY21**

## Funding



A similar greenfield capacity expansion of 300 TPD would cost around INR 1,000 Cr and would take a timeline of around 40 months to be operational.

# Paper Cutlery Segment



- Prime Minister Sh. Narendra Modi gave an ambitious call to eliminate all single-use plastic products in the country by 2022 and SIL plans to make most of this opportunity in the national movement to replace plastic and styro foam from food delivery packaging with sustainable packaged products
- The company has already entered into Virgin fibre based Cup stock segment and plans to venture into the paper cutlery segment with an initial capital outlay of INR 15-18 Cr
- To establish this segment SIL has plans to enter into a partnership with an MNC which is one of the world's largest leading food brands
- SIL will be producing the finishing products of sustainable packaging and the marketing operations will be handled by the proposed Associate in India and abroad
- Target for commencement of production is Q1-FY21



**Initial  
Production  
Capacity of  
8 TPD**



**To be  
enhanced to  
32 TPD**



Online food delivery is fuelling substantial acceleration in food packaging demand. We expect this segment to gain traction by FY21.





# H1 / Q2-FY20 Financial Overview



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# H1 / Q2-FY20 Financial & Operational Highlights



## Q2-FY20 Financial Highlights

Operational Revenue	INR 2,039 Mn
EBITDA	INR 435 Mn
EBITDA Margin	21.33%
Net Profit	INR 250 Mn
PAT Margin	12.26%
Diluted EPS	INR 25.04

## H1-FY20 Financial Highlights

Operational Revenue	INR 4,283 Mn
EBITDA	INR 914 Mn
EBITDA Margin	21.34%
Net Profit	INR 515 Mn
PAT Margin	12.02%
Diluted EPS	INR 51.50

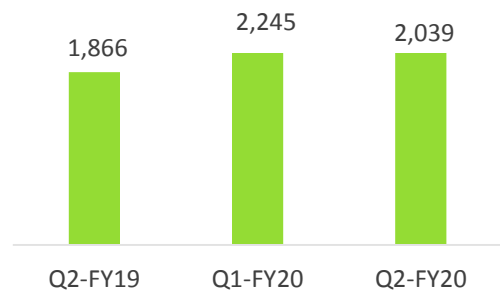
### Operational Highlights:

- Since the company generates Renewable Energy Certificates, the company encashed around INR 6.9 Cr of REC certificate in H1-FY20.
- The current order book stands executable for the next 2 months through our strong dealer network.
- SIL in an effort to stay ahead of the curve had already started the production of Virgin fibre based cup stock and to continue in this endeavor SIL plans to introduce a Paper Cutlery segment with an effort to contribute to the national movement of Single Use Plastic ban. The company plans to initiate this segment with a 8 TPD production capacity and plan to enhance it to 32 TPD.

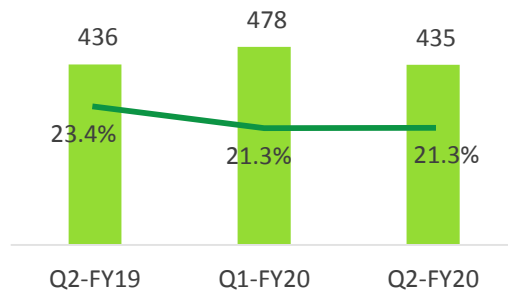
# Quarterly Financial Trends



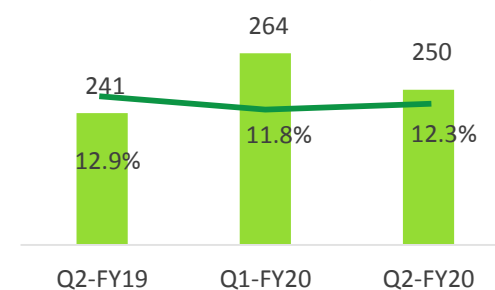
### Operational Revenue (INR Mn)



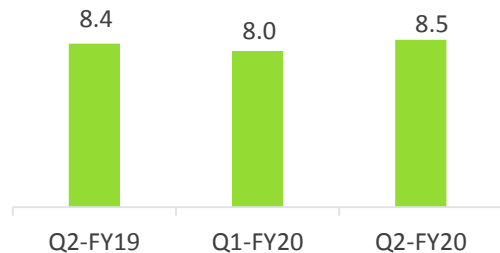
### EBITDA (INR Mn) EBITDA Margin (%)



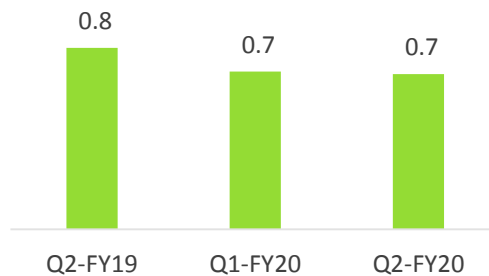
### PAT (INR Mn) PAT Margin (%)



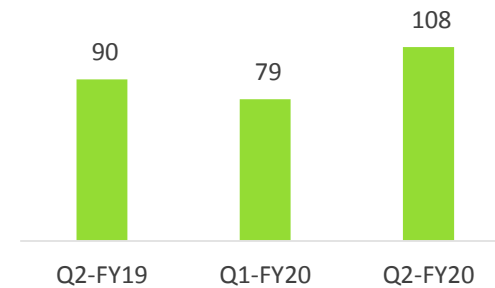
### Interest Coverage Ratio



### Gearing Ratio



### Gross Current Assets Days





# Q2-FY20 Income Statement (IND-AS)



PARTICULARS (INR Mn)	Q2-FY20	Q2-FY19	Y-O-Y	Q1-FY20	Q-o-Q
<b>Operational Income</b>	<b>2,039</b>	<b>1,866</b>	<b>9.3%</b>	<b>2,245</b>	<b>(9.2)%</b>
Total Expenses	1,604	1,430	12.2%	1,767	(9.2)%
<b>EBITDA</b>	<b>435</b>	<b>436</b>	<b>(0.2)%</b>	<b>478</b>	<b>(9.0)%</b>
<b>EBITDA Margin</b>	<b>21.33%</b>	<b>23.36%</b>	<b>(203) Bps</b>	<b>21.29%</b>	<b>4 Bps</b>
Other Income	67	33	NA	50	34.0%
Depreciation	132	112	17.9%	131	0.8%
Finance Cost	51	52	(1.9)%	60	(15.0)%
<b>PBT</b>	<b>319</b>	<b>305</b>	<b>4.6%</b>	<b>337</b>	<b>(5.3)%</b>
Tax	69	64	7.8%	73	(5.5)%
<b>Profit After Tax</b>	<b>250</b>	<b>241</b>	<b>3.7%</b>	<b>264</b>	<b>(5.3)%</b>
<b>PAT Margin</b>	<b>12.26%</b>	<b>12.92%</b>	<b>(66) Bps</b>	<b>11.76%</b>	<b>50 Bps</b>
Other Comprehensive Income	1	(2)	NA	1	NA
<b>Total Comprehensive Income</b>	<b>251</b>	<b>239</b>	<b>5.0%</b>	<b>265</b>	<b>(5.3)%</b>
Diluted EPS (INR ) (Not Annualised)	25.04	24.06	4.1%	26.45	(5.3)%

# H1-FY20 Income Statement (IND-AS)



PARTICULARS (INR Mn)	H1-FY20	H1-FY19	Y-O-Y
<b>Operational Income</b>	<b>4,283</b>	<b>3,667</b>	<b>16.8%</b>
Total Expenses	3,369	2,883	16.9%
<b>EBITDA</b>	<b>914</b>	<b>784</b>	<b>16.6%</b>
<b>EBITDA Margin</b>	<b>21.34%</b>	<b>21.38%</b>	<b>(4) Bps</b>
Other Income	116	91	27.5%
Depreciation	263	223	17.9%
Finance Cost	111	107	3.7%
<b>PBT</b>	<b>656</b>	<b>545</b>	<b>20.4%</b>
Tax	141	117	20.5%
<b>Profit After Tax</b>	<b>515</b>	<b>428</b>	<b>20.3%</b>
<b>PAT Margin</b>	<b>12.02%</b>	<b>11.67%</b>	<b>35 Bps</b>
Other Comprehensive Income	1	(4)	NA
<b>Total Comprehensive Income</b>	<b>516</b>	<b>424</b>	<b>21.7%</b>
Diluted EPS (INR ) (Not Annualised)	51.50	42.80	20.3%



**SATIA INDUSTRIES LIMITED**  
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## Historical Financial Overview

# Income Statement



PARTICULARS (INR Mn)	FY16	FY17*	FY18*	FY19*	H1-FY20*
<b>Operational Revenue</b>	<b>4,336</b>	<b>5,708</b>	<b>6,421</b>	<b>7,384</b>	<b>4,283</b>
Total Expenses	3,801	4,799	5,203	5,743	3,369
<b>EBITDA</b>	<b>535</b>	<b>909</b>	<b>1,218</b>	<b>1,641</b>	<b>914</b>
<b><i>EBITDA Margin</i></b>	<b><i>12.34%</i></b>	<b><i>15.93%</i></b>	<b><i>18.97%</i></b>	<b><i>22.22%</i></b>	<b><i>21.34%</i></b>
Other Income	165	211	303	145	116
Depreciation	332	400	451	477	263
Finance Cost	251	245	237	208	111
Extraordinary Items	(16)	-	-	-	-
<b>PBT</b>	<b>101</b>	<b>475</b>	<b>833</b>	<b>1,101</b>	<b>656</b>
Tax	(30)	20	146	223	141
<b>Profit After Tax</b>	<b>131</b>	<b>455</b>	<b>687</b>	<b>878</b>	<b>515</b>
<b><i>PAT Margin</i></b>	<b><i>3.02%</i></b>	<b><i>7.98%</i></b>	<b><i>10.70%</i></b>	<b><i>11.89%</i></b>	<b><i>12.02%</i></b>
Other Comprehensive Income	-	(2)	(8)	2	1
<b>Total Comprehensive Income</b>	<b>131</b>	<b>453</b>	<b>679</b>	<b>880</b>	<b>516</b>
<b>EPS (INR per share)</b>	<b>13.12</b>	<b>45.55</b>	<b>68.67</b>	<b>87.77</b>	<b>51.50</b>

\*As per IND-AS

# Balance Sheet (IND-AS)

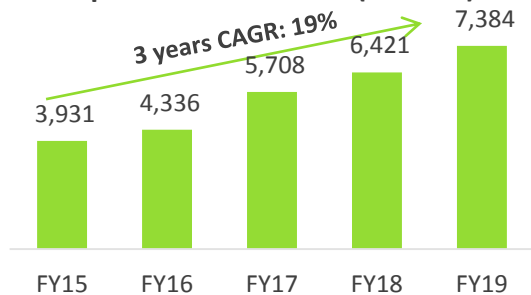


PARTICULARS (INR Mn)	FY18	FY19	H1-FY20	PARTICULARS (INR Mn)	FY18	FY19	H1-FY20
<b>Equity</b>	<b>2,226</b>	<b>3,076</b>	<b>3,574</b>	<b>Non-Current Assets</b>	<b>3,540</b>	<b>4,505</b>	<b>5,012</b>
Equity Share Capital	100	100	100	a) Property, Plant and Equipment	3,119	3,827	3,623
Other Equity	2,126	2,976	3,474	b) Capital Work In Progress	295	561	1,301
				c) Financial Assets			
				(i) Investments	29	31	31
<b>Non-Current Liabilities</b>	<b>1,819</b>	<b>1,957</b>	<b>2,072</b>	(ii) Loans	35	17	18
a) Financial Liabilities				(iii) Other financial assets	10	10	10
(i) Borrowings	910	1,054	1,109	d) Deferred Tax Asset (Net)	48	59	29
(ii) Other Financial liabilities	837	823	876	e) Other Non-Current Assets	4	-	-
b) Other Non-Current Liabilities	3	3	3				
c) Provisions	69	77	84				
				<b>Current Assets</b>	<b>2,278</b>	<b>2,099</b>	<b>2,890</b>
				a) Inventories	526	599	586
<b>Current Liabilities</b>	<b>1,773</b>	<b>1,571</b>	<b>2,256</b>	b) Biological Assets other than bearer plants	295	303	330
a) Financial Liabilities				c) Financial Assets			
(i) Borrowings	676	537	783	(i) Trade Receivables	1,179	1,057	1,762
(ii) Trade Payables	447	454	630	(ii) Cash and Cash Equivalents	13	5	10
(iii) Other Financial Liabilities	468	516	662	(iii) Bank balances other than above	64	35	35
b) Current tax liabilities (net)	-	13	58	(iv) Other financial assets	23	26	52
c) Other Current Liabilities	164	44	116	d) Current Tax Assets (Net)	21	-	-
d) Provisions	18	7	7	e) Other Current Assets	157	74	115
<b>GRAND TOTAL - EQUITIES &amp; LIABILITES</b>	<b>5,818</b>	<b>6,604</b>	<b>7,902</b>	<b>GRAND TOTAL – ASSETS</b>	<b>5,818</b>	<b>6,604</b>	<b>7,902</b>

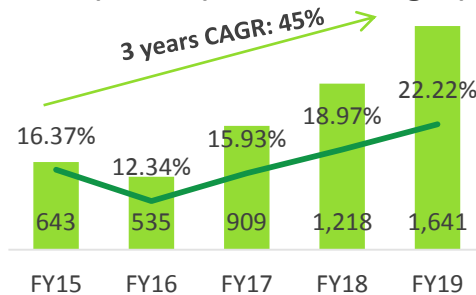
# Financial Highlights



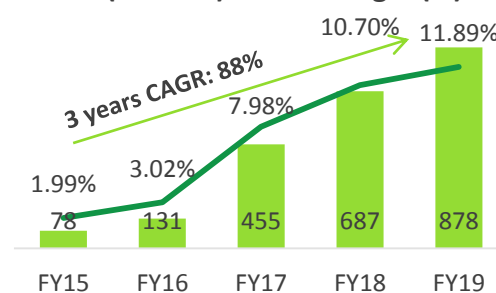
### Operational Revenue (INR Mn)



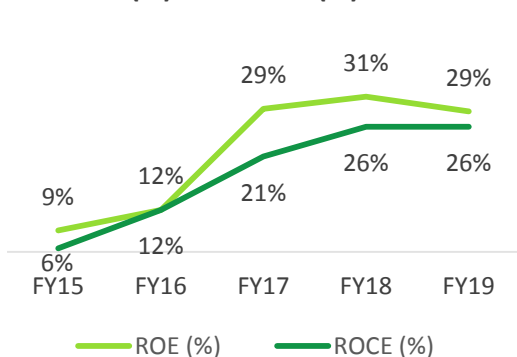
### EBITDA (INR Mn) & EBITDA Margin (%)



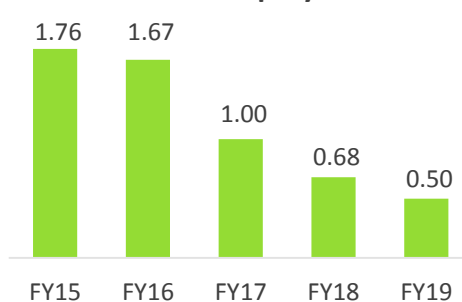
### PAT (INR Mn) & PAT Margin (%)



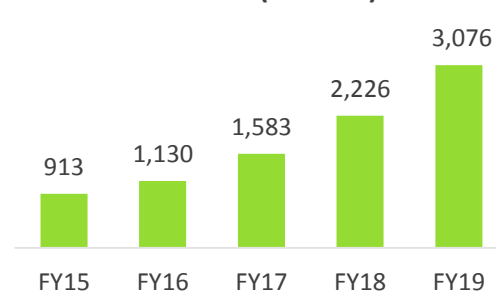
### ROE (%) and ROCE (%)



### Debt to Equity



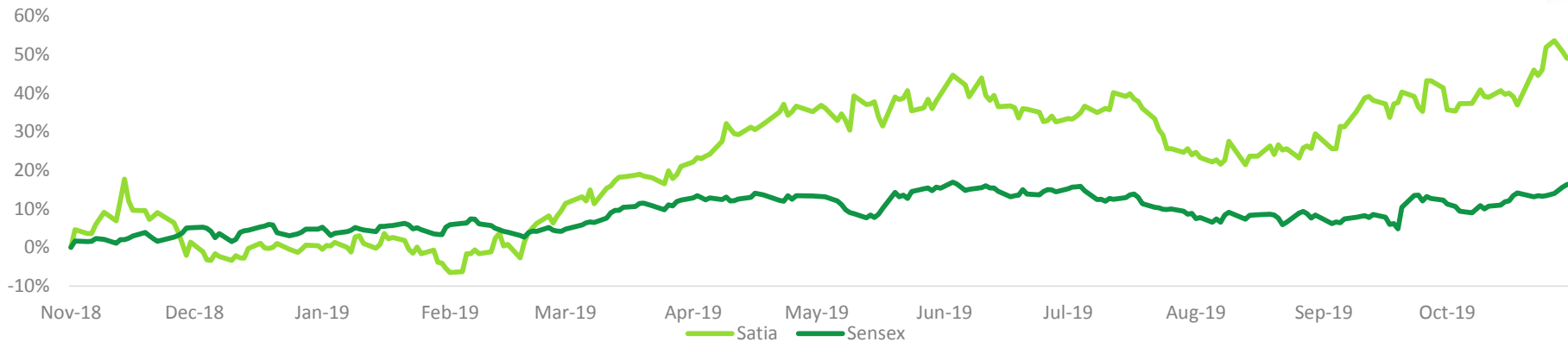
### Net Worth (INR Mn)



Note: FY17, FY18 and FY19 numbers are as per IND-AS



# Capital Market Data

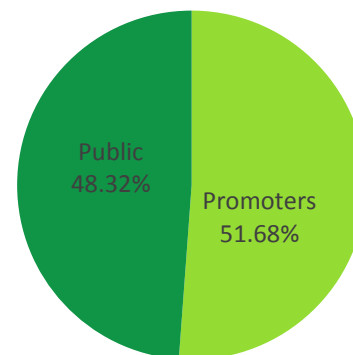


## Price Data (30<sup>th</sup> October, 2019)

INR

Face Value	1.0
Market Price	77.0
52 Week H/L	85.00 / 47.13
Market Cap (Mn)	7,700.0
Equity Shares Outstanding (Mn)	100.0
1 Year Avg Trading Volume ('000)	70.4

## Shareholding Pattern as on 30<sup>th</sup> September, 2019



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Thank You