



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

CIN: L21012PB1980PLC004329

Registered Office & Mill : Village Rupana, Sri Muktsar Sahib – 152032, Punjab, India

Q2 FY21 & H1 FY21 – Earning Updates

Revenue from Operations reported at ₹2,730.40 mn in H1FY21 and ₹1,479.26 mn in Q2FY21

EBITDA stands at ₹ 685.60 mn in H1FY21 and ₹382.48 mn in Q2FY21

PAT at ₹248.29 mn in H1FY21 and ₹132.60 mn in Q2FY21

Muktsar, Punjab: Satia Industries Limited is a fully integrated manufacturing facilities comprising of upgraded paper machines, agro and wood pulping plant, chemical recovery and power generation plant. SIL has announced its Q2 and Half yearly earning updates for FY2021;

A. Financial Statement Highlights for H1 of FY2021 v/s H1 of FY2020

Particulars (INR MN)	H1 FY 21	H1 FY 20
Revenue from Operations	2,730.40	4,283.40
Other Income	29.32	116.24
Total Revenue	2,759.73	4,399.65
Total Expenses	2,432.48	3,743.61
EBITDA	685.60	1,029.65
EBITDA Margin (%)	24.84%	23.40%
Depreciation & Amortization Expenses	275.43	262.70
Finance Cost	82.92	110.91
PBT with Exceptional Item	327.24	656.04
Exceptional Items		-
PBT	327.24	656.04
Current Tax	79.32	157.14
Deferred Tax	-1.94	-16.06
Tax	77.38	141.08
PAT	249.86	514.96
Other comprehensive profit / loss	-1.57	1.03
Net PAT	248.29	515.99
PAT Margin %	8.9%	11.7%
Diluted EPS	2.50	5.15

Financial Performance Comparison - H1 FY20 v/s H1 FY21

- Despite complete lockdown due to Covid-19, the total Revenue from operations declined by 36% from ₹ 4,283 mn in H1 FY20 to ₹ 2,730 mn in FY21
- Though our EBITDA declined by 33% from ₹1,029 mn in H1 FY20 to ₹ 685 mn in H1 FY21, yet our EBITDA margins has improved by 6% from 23.40% in H1 FY20 to 24.84% in H1 FY21
- Finance Cost declined by 25% from ₹ 110 mn in H1 FY20 to ₹ 82 mn in H1 FY21
- Net profit stood at ₹ 248 mn in H1 FY21, compared to ₹ 515 Mn in H1 FY20
- Total Fixed Asset grew by 12% from ₹ 3,624 mn in H1 FY 20 to ₹ 4,060 mn in H1 FY21
- Current Assets stood at ₹ 2,784 mn in H1 FY21, compared to ₹ 2,889 mn in H1 FY20
- Current Liabilities stood at ₹ 2,197 mn in H1 FY21, compared to ₹ 2,256 mn in H1 FY20
- Net Cash flow from operations increased by 10% from ₹ 482 mn in H1 FY20 to ₹ 532 mn in H1 FY20

Financial Statement Highlights for Q2 of FY2021 v/s Q2 of FY2020

Particulars (INR MN)	Q2 FY 21	Q2 FY 20
Revenue from Operations	1,479.26	2,038.80
Other Income	4.41	66.61
Total Revenue	1,483.67	2,105.40
Total Expenses	1,291.47	1,786.50
EBITDA	382.48	501.94
EBITDA Margin (%)	25.78%	23.84%
Depreciation & Amortization Expenses	152.08	132.06
Finance Cost	38.21	50.97
PBT with Exceptional Item	192.20	318.91
Exceptional Items	-	-
PBT	192.20	318.91
Current Tax	48.77	85.60
Deferred Tax	10.05	-17.14
Tax	58.82	68.46
PAT	133.38	250.45
Other comprehensive profit / loss	-0.79	0.52
Net PAT	132.60	250.96
TOTAL Comprehensive PAT Margin %	8.94%	11.92%
Diluted EPS	1.33	2.50

Key Highlights of Satia Industries Limited;

- SIL's products are extensively used both in writing and printing segment of books, directories, envelopes, diaries, calendars, computer stationery, copy manufacturing, annual reports, copier papers and paper cup stock as well.
- SIL operates in a completely integrated manufacturing setup with 3 upgraded paper machines, 100% inhouse power generation & soda recovery plant. Also, SIL has one of the best effluent treatment facility in the industry.
- SIL has flexibility in using different raw materials for the manufacturing of paper. The company has capabilities to use a combination of both Wood and Agro based pulp made using a wide range of raw materials like Poplar, Eucalyptus woodchips, veneer waste, wheat straw, Sarkanda, Kahi, Baggase. Under compelling circumstances, it has spare standby capacity to produce 80 TPD deinked pulp as well.
- SIL's is regarded as a credible supplier with State Text-book Corporations. Nearly 40% of our total revenue is contributed by these State Textbook Boards.
- SIL has a State of the art ETP with zero water discharged into any water bodies. Instead, the company uses the disposal water to irrigate 540 acres of Eucalyptus Plantation.
- SIL is Carbon Credit Surplus having a regular income stream arising from renewable energy credits (REC)
- SIL has its own biomass based captive power plants providing uninterrupted power supply on a cost-effective basis.
- SIL has an assured quality water supply sanctioned from the state irrigation department for drawing 7.5 cusecs water from the Arniwala Canal, which is at a distance of 1.8 km from the plant and company's water consumption/ton of paper is one of the lowest in industry
- SIL product portfolios includes Super Snow White, Snow White, Photocopier paper, S.S. Maplitho paper, Coloured paper, Ledger paper, Cartridge paper, Duplicating, bond paper - with and without watermarks and Chromo paper ranging from 42 GSM to 200 GSM.
- At the CMP of ₹95.30, Stock is trading at PE of 14.34x and PBV of 2.23x (As on 17th December 2020)

B. Operational Highlights of H1 FY21 performance

SIL has reported a peak of capacity utilisation @117% in Q2 FY21 and this trend is likely to improve further. With opening of operations and despite low demand scenario; SIL proved its strength and agility in the extraordinary adverse circumstances by increasing its production by over 35% from 2,2809 ton in Q1FY21 to 3,0781 tons in Q2FY21.

Demonstrating its strength in Govt. business, SIL has successfully secured and executed a very profitable order from State Election Commission of Uttar Pradesh for the printing of Ballot Papers of 995 ton during Q2 FY21.

SIL has resumed its offline Chromo paper plant in September 2020 to avail the opportunity arising out of import restriction, leading to increase in the demand for indigenous paper especially coated one.

SIL has a healthy order book position of more than two months. The major customers contributing to these orders are Text-book corporations from Assam, Orissa, Punjab, H.P. and Telangana besides the

regular business from open market. SIL is very optimistic about the future of this industry with implementation of new education policy that will lead to higher spending on education initiatives.

Disclosures of material impact of COVID 19

The manufacturing operations were resumed only in mid-May and thereafter scaled up. Although SIL has responded with agility, speed and resilience, together with a structured process of proactive planning, to operate in the 'new normal'. A series of concerted actions were also taken to realign the manufacturing infrastructure so as to respond to the multiple challenges arising out of restricted mobility of people and goods, curbs on working hours and industrial operations

C. Management Comments

Commenting on the performance of H1 FY21, Mr. R. K. Bhandari, Joint Managing Director said, *“Despite of heightened competitive pressures, SIL has not only registered a sequential volume growth but has also been able to maintain margins driven by higher efficiencies and lower RM cost. Our order book has started witnessing traction and also, our capacities are booked for the next two month which speaks about our team's strength and ability to capture sufficient orders in adverse scenario of underutilisation of capacity in the industry.*

Management expects SIL to benefit from the governments thrust towards education sector where the budget allocation for the same stands at ₹99,000 crores, which is an increase of 5% YoY. In addition, an increase in literacy rates and higher spending on books, magazines along with a prohibition on plastic is likely to augment growth for SIL & paper industry”

Updates on SIL's ₹5,000 mn expansion plan

There has been a pickup in the pace of expansion process, 80-90% of the machinery has arrived at the site and the erection work for the paper machine is in full swing under the supervision of Allimand engineer. Civil construction work is 80% complete except for the stock preparation and deinking plant. New turbine and rice straw/ other biomass-based boiler trials have already started. Erection of DD Washer and bleach washers is going on in full swing. All efforts are being made to start the new Paper machine in the Q1 of the financial year 2022.

Updates on Table Cutlery Segment – New Product Line

SIL plans to accelerate the commencement of Table cutlery project. Part of the machinery required for this project is in transit from the Nhava Sheva port, Mumbai and Phase-1 is planned to be commissioned by Q4 of FY21. SIL is expecting notable sales from this segment in the 1st quarter of FY22

Outlook for H2 FY21 Performance

Paper demand in the economy have shown improvement owing to the opening of schools and colleges in near future. Also, SIL is looking forward to secure commendable orders from Text-Book Boards in the near future. Paper prices have also started settling down with increase in paper and pulp prices globally. Increase in logistic cost and lesser availability of containers have made imports difficult and unattractive. SIL is expecting increase in demand and prices of papers, once educational institution like schools and colleges start functioning on regular basis.

The commencement of Cutlery segment by Q4 of FY21 is expected to mark a notable contribution in total sales for the year ahead as it is in-line with the Government's initiatives of prohibition on use of plastic products in the country in near future. SIL plans to contribute in the national movement to replace plastic and Styrofoam from food delivery packaging with sustainable packaged products. Also, the Online food delivery is fuelling substantial growth in food packaging demand and SIL is expected to benefit out of it.

About Satia Industries Limited;

Satia Industries Limited (SIL), is one of the largest Wood and Agro-based paper manufacturers in India. The company was incorporated by Dr. Ajay Satia in 1980 and commenced its operations in 1984 with a small capacity of 4850 ton per year. It surprisingly overtook many of its peers in production, to achieve 133,000 MT in FY20 implying a capacity utilisation of ~126%. In last three decades, SIL has witnessed a complete transformation in its operations and it has become fully backward integrated having integrated pulping, chemical recovery, and power self-sufficiency. SIL has 540 acres of eucalyptus plantations, developed as per Karnal Technology, consumes total treated water discharge, and also compliments the future wood raw material requirements. SIL has a strong Pan-India distribution network with 70+ dealers and 3 branch offices located in Delhi, Chandigarh & Jaipur with total Employee strength of 1,264+

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

Inderjeet Monga
CFO, Satia Industries Ltd
Contact: +91 98557 16521
Email: agm.finance@satiagroup.com

Krunal Shah/ Vinayak Shirodkar
Captive IR Strategic Advisors Pvt. Ltd.
Contact: +91 22 4347 2247
Email: krunal@cap-ir.com / Vinayak@cap-ir.com

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