



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

CIN: L21012PB1980PLC004329

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

Q3 & 9M FY21 – Earning Updates

Revenue from Operations reported at ₹ 4,156.42 mn in 9MFY21 and ₹ 1,426.02 mn in Q3FY21

EBITDA stands at ₹ 927.95 mn in 9MFY21 and ₹ 242.35 mn in Q3FY21

PAT at ₹284.28 mn in 9MFY21 and ₹ 35.99 mn in Q3FY21

Muktsar, Punjab 12th February, 2021: *Satia Industries Limited (SIL)*, one of the largest Wood and Agro-based paper manufacturers in India with a fully integrated manufacturing facility comprising of upgraded paper machines, agro and wood pulping plant, chemical recovery and power generation plant, **announced its results for the third quarter and nine month ending December 2020;**

A. Financial Statement Highlights for 9M of FY2021 v/s 9M of FY2020

| Particulars (INR MN) | 9M FY 21 | 9M FY 20 |
|---|-----------------|-----------------|
| Revenue from Operations | 4,156.42 | 6,295.79 |
| Other Income | 31.34 | 140.07 |
| Total Revenue | 4,187.76 | 6,435.86 |
| Total Expenses | 3,814.96 | 5,470.59 |
| EBITDA | 927.95 | 1,516.78 |
| EBITDA Margin (%) | 22.16% | 23.57% |
| Depreciation & Amortization Expenses | 428.78 | 393.87 |
| Finance Cost | 126.37 | 157.65 |
| PBT with Exceptional Item | 372.80 | 965.27 |
| Exceptional Items | - | - |
| PBT | 372.80 | 965.27 |
| Current Tax | 64.08 | 217.74 |
| Deferred Tax | 22.08 | -10.33 |
| Tax | 86.16 | 207.40 |
| PAT | 286.64 | 757.86 |
| Other comprehensive profit / loss | -2.36 | 1.55 |
| Net PAT | 284.28 | 759.42 |
| TOTAL Comprehensive PAT Margin % | 6.79% | 11.80% |
| Diluted EPS | 2.87 | 7.58 |

Q3 & 9M FY21 Earning Updates

Financial Performance Comparison - 9M FY21 v/s 9M FY20

- The total Revenue from operations declined by 34% from ₹ 6,295.79 mn in 9M FY20 to ₹ 4,156.42 mn in FY21 owing to shut down and stressed demand scenarios for paper in the market due to Covid-19 lockdown.
- EBITDA declined by 38.8% from ₹ 1,516.78 mn in 9M FY20 to ₹ 927.95 mn in 9M FY21, mainly due to lower average realization of ₹44,000 per tonne versus average realization pre-Covid levels were around ₹55,000 per tonne.
- Despite lower realizations, EBITDA margins have minutely contracted and reported at 22.16% in 9M FY21, compared to 23.57% in 9M FY20
- Finance Cost declined by 19.8% from ₹ 157.65 mn in 9M FY20 to ₹ 126.37 mn in 9M FY21
- Net profit stood at ₹ 284.28 mn in 9M FY21, compared to ₹ 759.42 mn in 9M FY20

Financial Statement Highlights for Q3 of FY2021 v/s Q3 of FY2020

| Particulars (INR MN) | Q3 FY 21 | Q3 FY 20 |
|---|-----------------|-----------------|
| Revenue from Operations | 1,426.02 | 2,012.38 |
| Other Income | 2.01 | 23.83 |
| Total Revenue | 1,428.03 | 2,036.21 |
| Total Expenses | 1,382.48 | 1,726.99 |
| EBITDA | 242.35 | 487.13 |
| EBITDA Margin (%) | 16.97% | 23.92% |
| Depreciation & Amortization Expenses | 153.35 | 131.16 |
| Finance Cost | 43.45 | 46.74 |
| PBT with Exceptional Item | 45.55 | 309.23 |
| Exceptional Items | - | - |
| PBT | 45.55 | 309.23 |
| Current Tax | -15.25 | 60.60 |
| Deferred Tax | 24.02 | 5.73 |
| Tax | 8.77 | 66.33 |
| PAT | 36.78 | 242.90 |
| Other comprehensive profit / loss | -0.79 | 0.52 |
| Net PAT | 35.99 | 243.42 |
| TOTAL Comprehensive PAT Margin % | 2.52% | 11.95% |
| Diluted EPS | 0.37 | 2.43 |

B. Business Updates;

Operational Highlights of Q3 of FY21 performance;

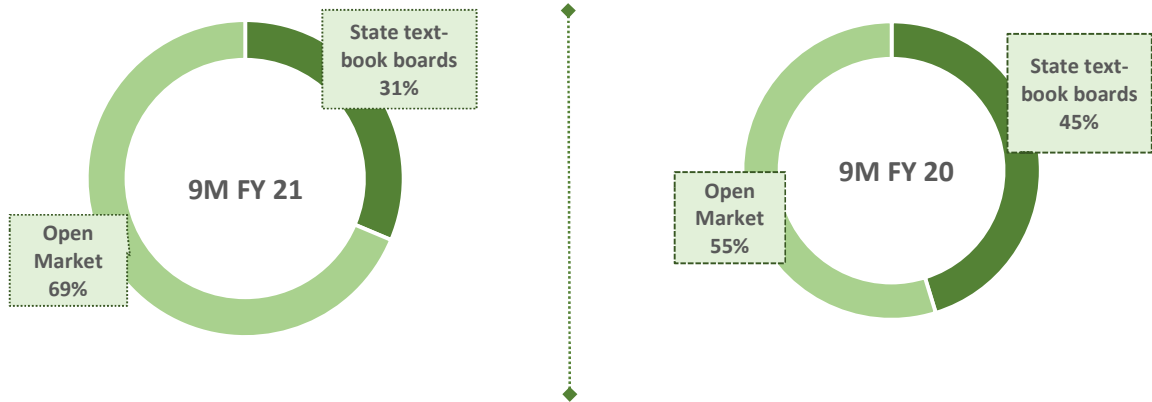
With pent-up demand for writing and printing sector, SIL's Sales volume increased by 45% from 22,094 tonne in Q1FY21 and by additional 5% over Q2FY21 to 32,125 tonne in Q3FY21 with increased demand and traction in the writing and printing sector. The production was in line with the healthy growth in sales volume Q-o-Q from 30,781 in tonne Q2FY21 to 31,423 tonne to Q3FY21.

Though SIL has managed to win orders at higher price realization of over 10-15% in the last month of the Quarter; yet sales realisation and sales volume in this quarter is reported lower because of execution of two months orders booked at lower prices in the previous period.

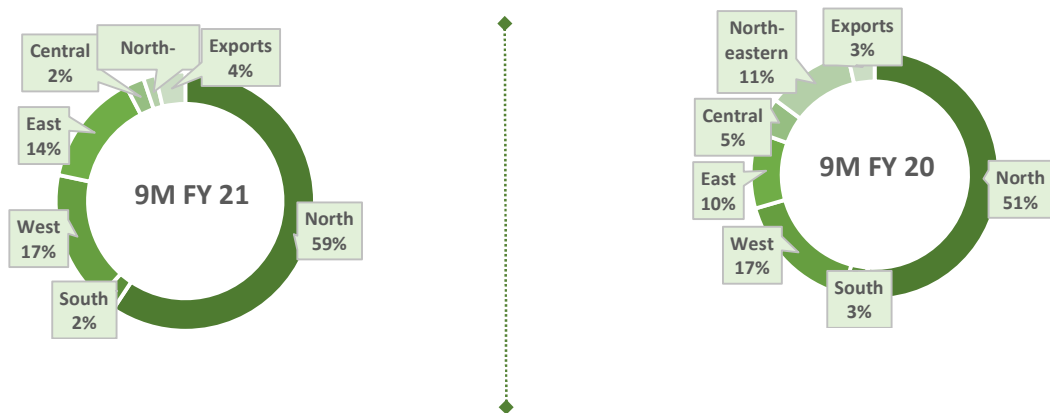
SIL's efforts toward strengthening its foothold in institutional segment marketing (sales to text-book boards) bore encouraging results, SIL has been awarded orders of 5000 tonne from the Chhattisgarh Text-book board and 7000 tonne orders from Orissa Text-book board with an average realization of Rs. 55,000 per tonne.

Segmental Performance in 9M FY21 v/s 9M FY20;

i. Sales Highlights:



ii. Region-wise Revenue:



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

- SIL's **multifuel, 75 tonne steam per hour capacity**, boiler has been commissioned and presently we are burning rice straw as fuel in this boiler which is **cheaper by over 50% as compared to rice husk**.
- **Paper machine erection** is in full swing and mechanical erection will be nearing completion **by end of April, 2021**.
- Wood pulping equipment, mainly washers are under mechanical erection and digester will be received in the factory shortly.
- **Deinking machinery has been despatched from Andritz, China** and has been received within SIL's premises and erection will start shortly.
- Soda recovery plant upgradation, 14 MW Turbine and ETP upgradation has already been done and **mechanical trials of the Paper machine are likely to begin in May, 2021**.
- **Two Table cutlery machines, each with a capacity of 3 tonne/day**, has already been received in the factory and their engineer is in the unit for erection purpose.

C. Management Comments

Commenting on the performance of 9M FY21, Mr. R. K. Bhandari, Joint Managing Director said,

“Our third quarter performance was impacted by execution of the lower realisation order book in this Quarter and this was the bottom of the fall in paper pricing which impacted every player in the industry. Order bookings in the last month of the third quarter were much higher and the demand pull is likely to take prices to Pre-Covid level prices by the end of last Quarter and this will certainly assure of improved performance for the whole industry in the following quarters.

Our well-built relations with the state text-book boards have benefited us in achieving sizeable orders from Chhattisgarh and Orissa text-book boards at improved realizations and we expect this trend to sustain in the coming quarter and financial year. We are committed toward strengthening our product mix with variety and increased focus on Copier paper and Paper cup stock quality.

Table cutlery segment machinery is likely to be in place by the end of Q4 FY21; this segment is expected to make further contribution in our total sales for the year ahead and is in-line with the Government's initiatives of prohibition on single use plastic products in the country in near future.

*The **planned capex of ₹5000 million will stoke margins** as it commands a premium over our current product basket. We are aiming to commence pilot trials of production from new paper machine by July 2021 as erection work of the plant is anticipated to be completed by April – May 2021. Our new boiler will also help in curbing air pollution which would have been caused by burning of rice straw by farmers in their farms without any protection of Electrostatic precipitator.”*

In entirety we view this exercise very affirmatively and are confident of strong results in the sight going ahead and assuring of delivering a sustained inclusive growth for all our fellow stakeholders with a very high focus on environment and society.

Management Guidance for FY22;

Owing to healthy demand scenarios, elevated production and **reviving prices of paper reaching the Pre-Covid level of Rs. 56,000- 58,000 per tonne by the end of the FY21** will ensure relatively higher

margins for Q4 of FY21 and it will further strengthen SIL in posting higher realisation beginning from Q1 FY22.

The expected commencement of production trial by July 2021 and **commercial production by September 2021 will enable SIL to produce around 40,000 tonne in the last two quarters of FY22 from the new capacity which has an installed capacity of 100,000 tonne per annum** and shall enter the market in this period of boom demand arising from the open market and state text-book boards in India. Furthermore, the **demand from the cutlery segment mainly driven by a national movement to replace plastic and Styrofoam** will start contributing to the revenue pie gradually from Q1FY22.

The management expects to report a very healthy growth of 50% in the Revenue and corresponding growth in margins in FY22 compared to FY21 whilst assuring that peak debt levels to be around ₹3,750 mn to ₹ 4,000 mn.

About Satia Industries Limited;

Satia Industries Limited (SIL), is one of the **largest Wood and Agro-based paper manufacturers in India**. SIL was **incorporated by Dr. Ajay Satia in 1980 and commenced its operations in 1984** with a small capacity of 4850 tonne 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
Email: agm.finance@satiagroup.com
Contact: +91 98557 16521

Krunal Shah/ Vinayak Shirodkar
Captive IR Strategic Advisors Pvt. Ltd.
Email: krunal@cap-ir.com / Vinayak@cap-ir.com
Contact: +91 98922 88895

Disclaimer:

CERTAIN STATEMENTS IN THIS DOCUMENT MAY BE FORWARD LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES LIKE GOVERNMENTACTIONS, 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 LIMITED WILL NOT BE IN ANY WAY RESPONSIBLE FOR ANY ACTION TAKEN BASED ON SUCH STATEMENTS AND UNDERTAKES NO OBLIGATION TO PUBLICLY UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT SUBSEQUENT EVENTS OR CIRCUMSTANCES.