



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

CIN: L21012PB1980PLC004329

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

Q4 & 12M of FY21 – Earning Updates

Revenue from Operations reported at ₹ 1,727.97 mn in Q4 FY21 and ₹ 5,884.40 mn in FY21

EBITDA stands at ₹464.56 mn in Q4FY21 and ₹1,361.18 mn in FY21

PAT at ₹208.85 mn in Q4FY21 and ₹ 495.49 mn in FY21

Muktsar, Punjab 10th May, 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 fourth quarter and year ending march 2021;**

A. Financial Statement Highlights for Q4 of FY2021 v/s Q3 of FY2021

Particulars (INR MN)	Q4 FY 21	Q3 FY 21	Q4 FY20
Revenue from Operations	1,727.97	1,426.02	1,790.58
Other Income	35.83	2.01	11.91
Total Revenue	1,763.80	1,428.03	1,802.49
Total Expenses	1,468.24	1,382.48	1,614.96
EBITDA	464.56	240.34	372.47
EBITDA Margin (%)	26.88%	16.85%	20.80%
Depreciation & Amortization Expenses	155.48	153.35	152.34
Finance Cost	49.35	43.45	44.51
PBT with Exceptional Item	295.56	45.55	187.53
Exceptional Items	-	-	-
PBT	295.56	45.55	187.53
Current Tax	90.88	-15.25	17.27
Deferred Tax	-4.16	24.02	9.75
Tax	86.72	8.77	27.02
PAT	208.85	36.78	160.52
Other comprehensive profit / loss	5.51	-0.79	-4.69
Net PAT	214.36	35.99	155.82
TOTAL Comprehensive PAT Margin %	12.15%	2.52%	8.64%
Diluted EPS	2.09	0.37	1.61

Q4 of FY21 & FY21 Earning Updates

Financial Performance Comparison - Q4 FY21 v/s Q3 FY21

- The total Revenue from operations in Q4 FY21 stood at ₹1,763.80 mn, compared to 1,790.58 mn in Q4 FY20 versus ₹1,426.20 mn in Q3 FY21
- EBITDA stood at ₹ 464.56 mn in Q4 FY21, compared to ₹ 372.47 mn in Q4 FY20 versus ₹ 240.34 mn in Q3 FY21, recording a growth of 2x from Q3 FY21 to Q4 FY21 mainly driven by improved realizations on orders
- EBITDA margins have increased and reported at 26.88% in Q4 FY21 versus 20.80% in Q4 FY20 versus 16.85% in Q3 FY21
- Finance Cost stood at ₹49.35 mn in Q4 FY21 versus ₹ 43.45 mn in Q3 FY21
- Net profit stood at ₹ 208.85 mn in Q4 FY21, compared to ₹ 160.52 mn in Q4FY20 versus ₹ 36.78 mn in Q3 FY21 registering a growth of 5.7x in absolute terms as compared to Q4FY21

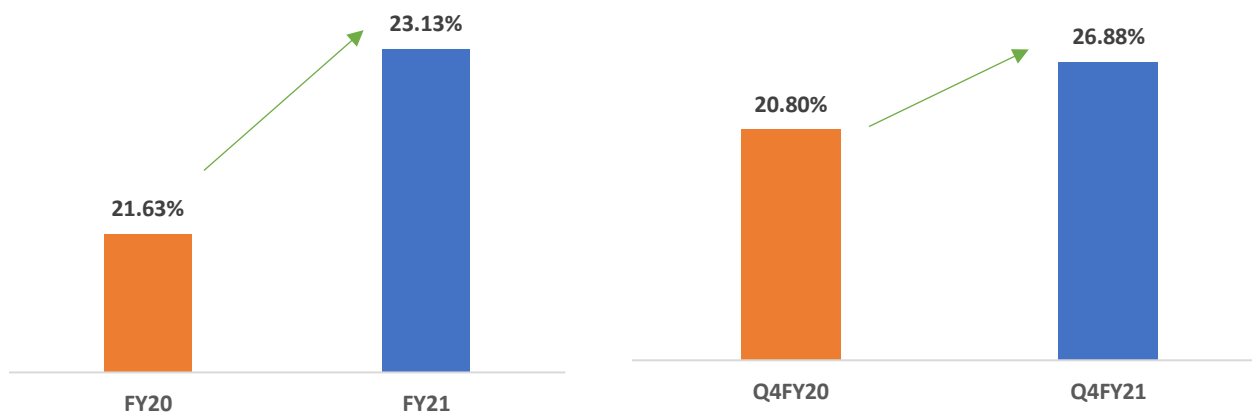
Financial Statement Highlights for FY2021 v/s FY2020

Particulars (INR MN)	FY 21	FY 20
Revenue from Operations	5884.40	8086.37
Other Income	67.16	151.98
Total Revenue	5951.56	8238.35
Total Expenses	5283.20	7085.55
EBITDA	1361.18	1749.18
EBITDA Margin (%)	23.13%	21.63%
Depreciation & Amortization Expenses	584.26	546.20
Finance Cost	175.72	202.16
PBT with Exceptional Item	668.36	1152.80
Exceptional Items	0	0
PBT	668.36	1152.80
Current Tax	154.95	235.00
Deferred Tax	17.92	(0.58)
Tax	172.87	234.42
PAT	495.49	918.38
Other comprehensive profit / loss	3.16	(3.14)
Net PAT	498.64	915.24
TOTAL Comprehensive PAT Margin %	8.47	11.32
Diluted EPS	4.95	9.18

Financial Comparison Summary of FY21 v/s FY20

- Income from operation recorded a decline by 27.23% from Rs. 8,086.37 mn in FY20 to Rs. 5,884.40 mn in FY21 owing to lower production because of 27 days shut down during the national lockdown and lower realization specifically in Q2 & Q3 when the entire industry witnessed strong downfall in realization.
- Average realizations for the year were Rs. 49,282 per tonne as compared to Rs. 58,005 per tonne in FY20 lower by 15.04%, capacity utilizations for the year were at 114.76% as compared to 127% in the previous year despite of the lockdown for 27 days in FY21
- The EBITDA decreased by 22.18% from Rs. 1,749.18 mn in FY20 to Rs. 1,361.18 mn in FY21 and EBITDA margins increased by 150 bps from 21.63 % in FY20 to 23.13% in FY21 attributable to relatively lower cost of raw material and fuel consumed with a blended saving of ~25% as compared to previous year.
- Net profit stood at Rs. 495.49 mn in FY21, compared to ₹ 918.38 mn in FY 20 recorded an absolute decline of 46.05%
- Net Cash flow from operations increased by 2.67 % from Rs. 1,496.86 mn in FY20 to 1,536.86 mn in FY21 despite of lower absolute PAT which indicates effective management of working capital cycle
- Total Fixed Asset grew by 21.25% from Rs. 5,546.30 mn in FY 20 to Rs. 6,724.93 mn in FY21 largely on account of increase of new machineries under the expansion plan
- Current Assets stood at Rs. 2,391.47 mn in FY21, compared to Rs. 2,467.57 mn in FY20
- Long term borrowing stood at Rs. 2,774.14 mn in FY21, compared to Rs. 2,125.02 mn in FY20 and Short-term borrowing (Working Capital) at Rs. 674.29 mn for FY21, compared to Rs. 770.61 mn in FY20
- Finance Cost decreased by 13.09 % from Rs. 202.20 mn in FY20 to Rs. 175.72 mn in FY21 on account of Repayment of existing loans.
- ROCE declined from 19.80% in FY20 to 9.70% in FY21 and ROE declined from 26.12% in FY20 to 11.79% in FY21.

EBITDA Margins %



B. Business Updates;

Operational Highlights of Q4 of FY21 performance;

- Despite Covid restrictions, SIL's business continues to see persistent traction from state textbook boards and open markets. We have been able to record a further growth in SIL's production level of **35,488 MT in the Q4 FY21 as compared to the production of 31,423 MT in Q3FY21.**
- SIL's sustained and healthy relationships with the State Textbook Board Corporations pan India has helped them secure **orders at a gross realization of ₹67,000 per ton.**
- The higher production was in line with the healthy growth in **sales volume Q-o-Q from 32,125 ton in Q3FY21 to 33,654 ton in Q4 FY21** with increased demand and traction in the writing and printing sector.
- In continuation of SIL's robust order book status, as shared in SIL's earlier quarterly updates, SIL has orders in hand from Chhattisgarh, West Bengal, Rajasthan, Andhra Pradesh. Besides open market orders at price realisation better than Q4FY21
- SIL has been **awarded the 1st prize** under the category of designated energy intensive industries, sub category Pulp and Paper by Punjab Energy Development Authority (PEDA) **for outstanding efforts in energy conservation and efficient utilization for two consecutive years i.e. FY19 & FY20.**
- SIL's key products sold during the year **was Maplitho Paper** for State Text Book Board besides **Snow White Paper, Super Snow White Paper and with increasing share of Copier and Cup stock paper over the year.**

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

- SIL's **Multifuel, 75ton steam per hour capacity**, boiler has been commissioned and presently they are burning rice straw as fuel in this boiler which is **cheaper by over 50% as compared to rice husk.** This initiative of the company has gone a long way in curbing air pollution which would have been caused by burning of over 100,000 ton rice straw by farmers in their farms without any protection of Electrostatic precipitator.
- The erection work of **4th paper machine** is almost 80% complete, and balance despatches will be closed by mid May 2021.
- Civil work of the **deinking plant is almost 70% complete**, and major equipment like Drum Pulper; Slushing Pulpers; two stage deinking plant loops and dispersion plant are under erection. Deinking plant is expected to commence operations by end of August,2021
- Civil work of **wood pulping plant is almost 85% complete**, and it is expected to commence operations by end of September 2021.
- Soda recovery plant upgradation, 14 MW Turbine and ETP upgradation has already been done and **mechanical trials of the Power turbine are being done in May 2021 itself.**

Updates on new product line – Table Cutlery

- SIL has installed two Table cutlery machines with an **annual capacity of plus 2000 tonnes.** The erection and installation work is in progress and **production are expected to begin by the end of current quarter- Q1 FY21**
- SIL has entered into agreement with a US-based global brand interested in sourcing of packaging products and is ready to share its patented product designs for manufacturing and supply to indigenous and the global market. The expected average realization is expected to be between **₹250 - ₹ 300 per kg**, which is **higher by 40-50%** compared to local market realization.

C. Management Comments

Commenting on the performance of Q4 FY21 and 12 months of FY21, Mr. R. K. Bhandari, Joint Managing Director said, “We had a revamped quarter with overall improvements in production, sales volume and price realization over the previous period. **Our capacity utilisation for the year in appraisal stands at 115%** which is supposedly to be the highest among the peers for FY21 despite slowdown in writing and printing paper industry due to sluggish demand as a consequence of Covid pandemic. Our sustained relations with different state text book boards and prudent business strategies in such difficult times have shown our strength and resilience under intense pressure and turbulent time.

We have made sure that our **INR 5000 mn expansion plan is not impacted and/or deferred, we expect our additional capacity of 100,000 MT to commence operations by December 2021 which was rather expected to commence by September, 2021** but considering the second wave of pandemic we expect this small delay. **A total of ₹3,520 mn has been spent on the development of the new project, out of which 2,300 mn is disbursed by the Banks and 1,220 mn is financed from Internal Accruals.**

Further SIL shall be participating in the **national movement to replace plastic and Styrofoam** and has further diversified into paper cups and cutlery segment and has inked an association with Zume, a global US based brand having patents of their designs which they will share with us and also absorb our entire production. SIL has setup infrastructure to manufacture around 6 tonnes per day and we further expect that we shall do business of ~2000 tonnes in this fiscal and demand will further strengthen with increasing use of disposable paper cutlery in COVID times across the globe.

D. Management Guidance for FY22;

SIL estimates a reasonable uptick in its operating margins driven by change in product mix in favour of copier paper and Cup stock with higher realization and demand. **SIL’s 4th machine too is expected to be commissioned within this year and look forward to achieve a minimum production of 1,50,000 tons coupled with higher realisations will add significantly to our revenues provided considering the pandemic situation to normalize beginning June,2021.** Demand for copier paper and Cup stock paper both is growing at CAGR of 10-15% and SIL will aim to on-board maximum orders arising in the domestic market with its price competitive advantage and fully integrated setup.

SIL looks forward to increase its operating margins too driven by change in product mix, higher production and realisation with additional numbers being added to both top and bottom line by SIL’s 4th machine and cutlery segment. **The management expects to report 50-60% growth in the Revenue and at least 150 to 200 bps EBIDTA margin accretion in FY22 compared to FY21 whilst assuring that peak long term debt level 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

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