



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



SATIA INDUSTRIES LIMITED

INVESTOR PRESENTATION

MAY 2023



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, 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 Ltd. 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.

COMPANY OVERVIEW

Overview

- Satia Industries Limited (SIL), located in the District of Muktsar, Punjab was incorporated by Dr. Ajay Satia and commenced its operations in 1984.
- SIL is one of the leading Wood and Agro-based paper manufacturers in India, with a completely integrated manufacturing setup with 4 paper machines, 100% in-house power generation, soda recovery plant and one of the best effluent treatment facilities in the nation.
- SIL has 540 acres of eucalyptus plantations, developed as per Karnal Technology which consumes total treated water discharge.
- Last year the company added a 4th state of the art paper machinery to its production facilities with a capacity of 100,000 MTPA. With a diverse Capex program to modernize and scale up its capacities, SIL now has total installed capacity of 2,05,000 MT in FY23.
- SIL supplies 40%-50% of its production to State textbook boards with the balance sold in the open market through pan-India network of 70+ dealers and 3 branch offices located in Delhi, Chandigarh & Jaipur with total Employee strength of 2,150+ head counts
- SIL is Carbon Credit Surplus and has a regular income accruing from renewable energy credits (REC)



Vision

'To become a leader in its own segment with excellence in all-round performance creating value for all stakeholders of the company, society and the economy'



Mission

'To sustain growth with technological upgradation and innovation on a continuous basis for achieving cost competitiveness with sustained profitability, excellence in quality and win customer satisfaction and loyalty'

LEADERSHIP TEAM

Dr. Ajay Satia **Chairman & M.D**

Dr. Satia is an MBBS, he has been the pioneer for setting up this integrated paper mill. Dr. Satia has a passion for work, a flair for technology and possesses unparalleled enterprising spirit for expansion and modernization. His greatest strength lies in building and retaining a strong and trusted team which has turned his dreams into reality.



Mr. Chirag Satia **Executive Director**

He has been driving force behind new initiatives since he joined in 2015 and looks after Finance, Accounts and Commercial Operations. His enterprising spirit and visionary outlook have added new energy to the workforce. Mr. Chirag has huge expansion aspirations for the company and is currently spearheading the cutlery segment set-up and expansion.



Mr. R.K. Bhandari **Joint Managing Director**

Mr. Bhandari is an MBA, he has been instrumental in marketing and other administrative responsibilities since the last 34 years. He has been instrumental in formulation & execution of SIL's core business strategies He has also been instrumental in providing new direction to the marketing department and placing the company on domestic map.



FROM THE DESK OF THE MANAGEMENT



Chirag Satia
Executive Director

We are thrilled to announce that our company has announced yet another outstanding quarter, demonstrating our strong execution capabilities. During Q4FY23, our revenues grew by 75% and EBITDA by 136% YoY. Furthermore, our yearly performance has been incredibly encouraging. In FY23 revenues grew by 111% and PAT by 91% as compared to FY22.

We believe that fundamental demand prospects for paper will remain stable over the medium term, given the large potential for growth aided by a growing economy. Given our backward integrated model and strong relationships with state boards, we are on our track to accomplish our objective of turning SIL in to one of the country's top paper manufacturer.

Given the long track record of consistent and quality supplies, SIL enjoys continuous flow of orders from state boards. Currently, we have order book of 24,000 tonnes which would be executed in Q1FY24, giving us revenue visibility with stable pricing environment.

We continue to strive for more efficiencies within our system hence keep on investing for the same. Our backward integration project of wood pulping is ready. In addition, we have already placed orders for Soda recovery boiler, which is expected to commence in coming 18-24 months. Our next objective is to modify and improve our PM3, for which details are getting worked out.

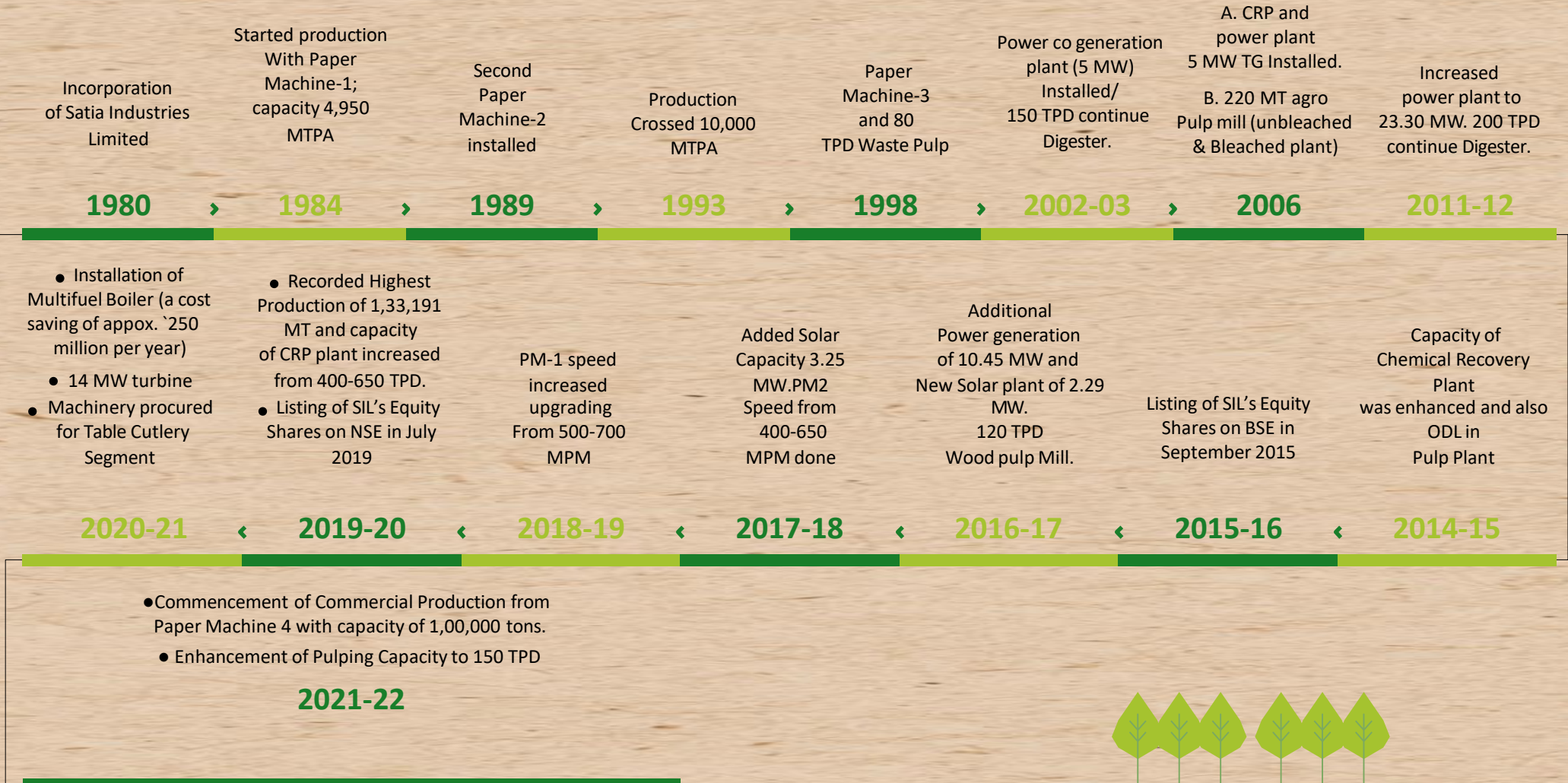
Following an exceptional growth in production in FY23 on the back of PM4, we are anticipating a healthy growth of 5-10% in paper production for FY24.

To conclude, I would like to extend my heartfelt gratitude to all our stakeholders, who have been with us in these times and assure you that Satia Industries will continue in its endeavours to emerge as a market leader and deliver value to each stakeholder. To share our success with the shareholders, we have announced total dividend of 40% for FY23.





JOURNEY & KEY MILESTONES





Transforming a perceived cyclical business into a non cyclical business through consistent and sustainable financial performance

1

Focused raw material procurement

– Satia is one of the largest wood and agro based (based on wheat straw) paper producer. It doesn't depend solely on waste paper. Satia's facility is located in the wheat belt, which gives easy access to procure desired raw material as there is no other facility in 200 KM vicinity.



2

Thoroughly backward integrated manufacturing facility leading to sustainable margins

– Satia has always followed a step ahead approach in terms backward integration at various levels – power, caustic soda, wood plantation which gives prominent cost savings and helps in achieving better profit margins. Further, the captive power plant enables Satia to earn Renewable Energy Certificates (REC).



3

Deeply rooted Customer relationship

– Satia has developed substantial and long standing relationship with various state boards and publishers of text books. Some relations extend to beyond 10-15 years. The customers of Satia are spread across India.



4

Due to above factors there is continuous growth in revenues, profitability, cash flows and return ratios.

REVENUE MIX

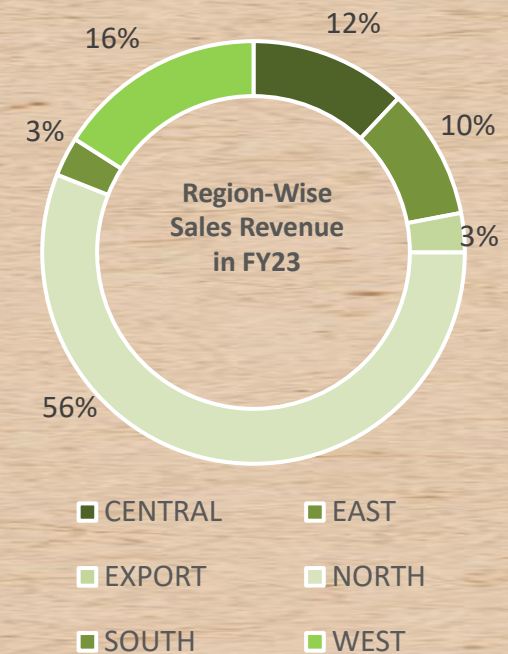
SIL's Strategic and Sustainable Revenue Model

A. Supplies to State boards: ~40-50% of Revenues

- SIL supplies High quality watermark paper to various state boards.
- Consolidated demand from all Text-books board is approximately 5,00,000 TPA of paper
- By supplying ~50-75k TPA to various state boards, SIL boasts of a major market share in this vertical.
- The State Text-book orders are tender driven business, these projects are State government funded under Sarva Shiksha Abhiyaan and do not rely upon school fees to pay the vendors, the average receivable days happen to be 45-60 days
- Sales to Textbook boards command higher (10%) operating margins as compared to open market, attributing to higher GSM and less finishing loss due to single size and more filler in the paper.

B. Open market supplies: ~50-60% of Revenues

- SIL supplies to retail traders through its strong Pan- India distribution network with 70+ dealers and 3 branch offices located in Delhi, Chandigarh & Jaipur.
- Out of total sales from Open Market Supplies, ~5-10% of sale comes from Rajasthan and Delhi in a Direct sale, to end users, and facilitated by the SIL's employees.
- A variety of paper grades are manufactured for this vertical i.e. Exercise book paper,
- Snow white paper, SS Maplitho paper, Ledger paper, Copier paper, Colour printing paper etc.





MARQUEE CLIENTS



Bal Bharti



Assam State Text Book Production & Publication Corporation Ltd



Odisha State Bureau of Textbook



Chhattisgarh Pathya Pustak Nigam



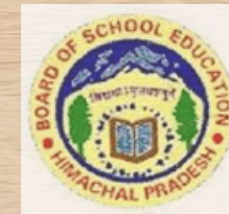
Rajasthan Rajya Pathyapustak Mandal



Burda Druck India Private Limited



West Bengal Text Book Corporation Ltd



Himachal Pradesh Board of School Education



Indian Railway



State Election Commission (UP)



**KEY
HIGHLIGHTS
Q4 & FY23**



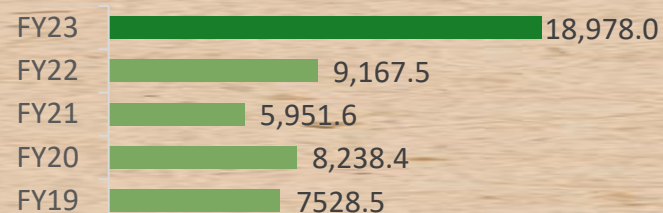
Recent Developments

- FITCH India Rating has upgraded our rating from 'A' to 'A+' with Stable outlook.
- During the quarter, we have received orders from Gujarat and Telangana to the tune of 8,000 tons. With this our current order book stands at 24,000 to be executable over Q1FY24
- Company has installed two out of proposed eight cutlery machines which would be commissioned in 1HFY
- The company generated a healthy cash flow during the year, enabling it to prepay term loans amounting to Rs 86.8 Mn. This brings the total amount repaid by SIL to Rs 1094.0 Mn during FY23. Furthermore, as part of our ongoing commitment to reduce overall debt, we have prepaid an additional amount of Rs 263.8 Mn in April'23.

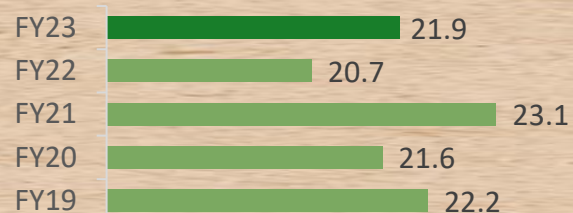


KEY PERFORMANCE INDICATORS (RATIO'S)

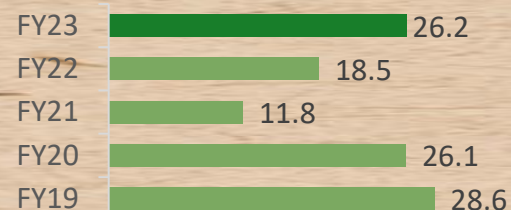
Total Income (₹ in Mn)



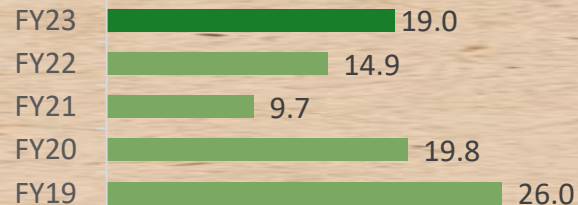
EBITDA Margins (in %)



ROE %

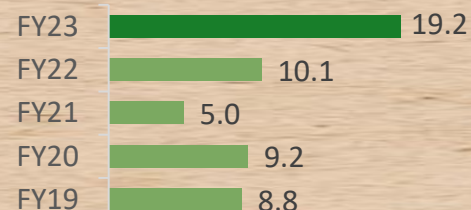


ROCE %*



*ROCE is calculated on EBIT (PBT+ finance cost)

EPS (in ₹)





FINANCIAL STATEMENT HIGHLIGHTS

Particulars (INR Mn)	Q4FY23	Q3FY23	QoQ	Q4FY22	YoY	FY23	FY22	YoY
Revenue from Operations	5,206	4,868	7%	2,970	75%	18,837	8,909	111%
Other Income	28	25	10%	67	-58%	141	258	-46%
Total Income	5,234	4,893	7%	3,036	72%	18,978	9,168	107%
Expenses								
Cost of material consumed	2,054	2,304	-11%	1,494	37%	8,719	3,880	125%
Purchases of traded goods	34	29	20%	72	-52%	240	72	233%
Change in inventory of finished goods, stock in trade and work in progress	16	-41	-139%	-92	-117%	-52	5	-1209%
Employee Benefit Expenses	296	236	25%	164	81%	916	598	53%
Finance Cost	100	85	18%	85	18%	352	219	61%
Depreciation	1,123	325	246%	205	449%	2,071	659	214%
Other Expenses	1,445	1,222	18%	755	91%	4,896	2,508	95%
Total Expenses	5,068	4,160	22%	2,683	89%	17,143	7,941	116%
Profit before Tax	167	733	-77%	353	-53%	1,835	1,227	50%
Current tax	26	120		-5		314	195	
Deferred Tax	-322	-35		63		-401	25	
Profit for the period	463	648	-29%	296	57%	1,922	1,007	91%
Earnings per share (not annualised)								
Basic	4.6	6.5		3.0		19.2	10.1	
Diluted	4.6	6.5		3.0		19.2	10.1	

BALANCE SHEET – ASSETS



Particulars (INR Mn)	FY22	FY23
Fixed Assets		
Tangible Assets	7,995	6,893
Right of Use Assets	124	127
Intangible Assets	25	20
Capital Work in Progress	805	1,376
Total Fixed Assets	8,949	8,416
Non-Current Investment & Other Financial Assets	77	68
Loans	-	-
Deferred Tax & Other Tax Assets	-	345
Other Non-Current Assets	75	519
Total Non-Current Assets	152	932
Current Assets		
Inventories	1,467	1,597
Biological Assets other than bearer plants	374	444
Trade Receivable	1,065	1,904
Cash & Cash Equivalent	10	4
Bank Balances	117	180
Other Financial Assets	49	40
Current Tax Assets	-	46
Other Current Assets	187	160
Total Current Assets	3,269	4,374
Total Assets	12,370	13,722



BALANCE SHEET – LIABILITIES

Particulars (INR Mn)	FY22	FY23
Shareholders Fund		
Share Capital	100	100
Reserves and Surplus	5,350	7,232
Total Shareholders Fund	5,450	7,332
Non Current Liabilities		
Long Term Borrowings	2,950	2,578
Other Financial Liabilities	1,153	735
Other Long Term Liabilities	2	1
Long Term Provision	98	106
Deferred Tax Liabilities	56	-
Total Non Current Liability	4,259	3,421
Current Liabilities		
Short Term Borrowings	1,326	1,615
Trade Payable	1,107	1,099
Lease Liability	13	29
Other Current Liabilities	105	107
Other Financial Liabilities	86	106
Short Term Provision	11	12
Current Tax Liabilities	14	-
Total Current Liabilities	2,661	2,969
Total Liabilities	12,370	13,722

CAPITAL MARKET INDICATORS

Market Indicators

Issued Shares
100,000,000

Share Price as on (28-04-23)
₹123

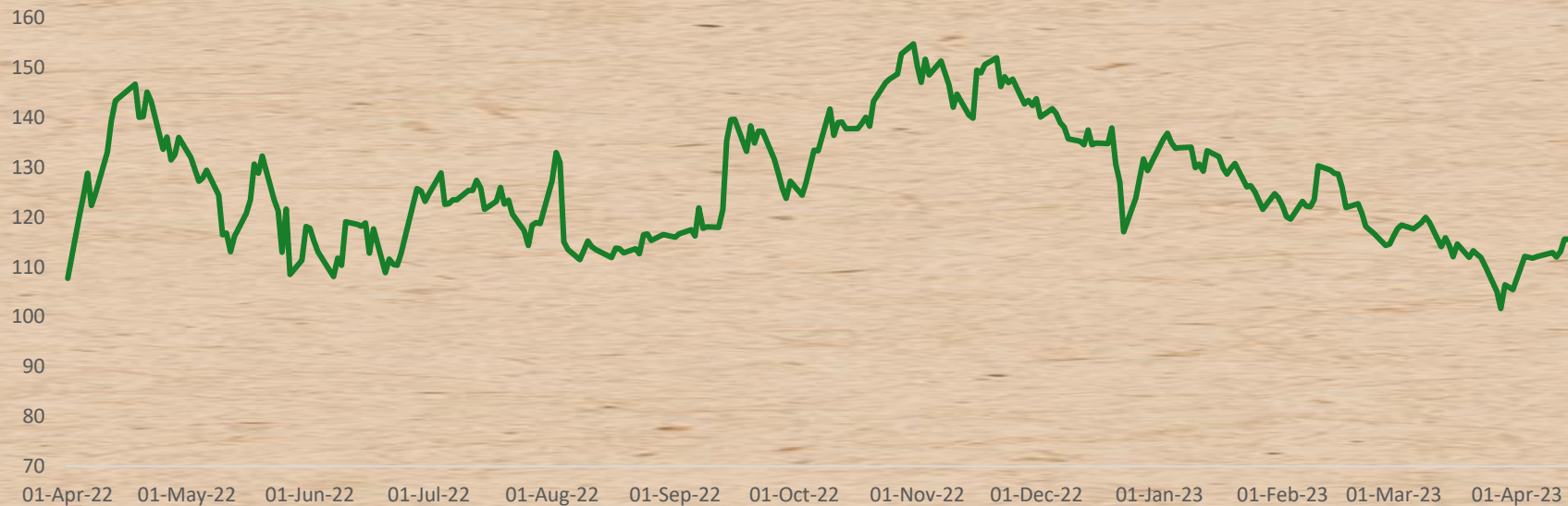
Market Capitalization (in MN)
₹12,300

52 Weeks High/Low
₹164/101

Shareholding as on 31st March 2023

Particulars	Holding %
Promoters & Promoters group	51.79
Public	48.21

Stock Performance





**Thank
you**

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

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