



**SATIA**  
INDUSTRIES  
LIMITED

Manufacturer of Quality IS : 1848  
Writing, Printing & Speciality   
Paper with ECO MARK 

CIN: - L21012PB1980PLC004329

SIL/CS

Date: 19.11.2019

The Manager, Listing Department, BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400001	The Manager Listing Department National Stock Exchange of India Ltd Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.
Scrip Code: 539201	Symbol: SATIA

Dear Sir/ Madam,

**Sub: Submission of Analyst/ Investor Presentation**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Please find enclosed updated Investor Presentation.

Thanking you,

Yours sincerely,  
For Satia Industries Ltd

(Rakesh Kumar Dhuria)  
Company Secretary



# SATIA INDUSTRIES LIMITED

INVESTOR PRESENTATION  
November 2019



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.

## Manufacturing and Distribution Network:



- Manufacturing plant based out of Muktsar with capacity to manufacture 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.

## 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.

## 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%





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

## Company Overview

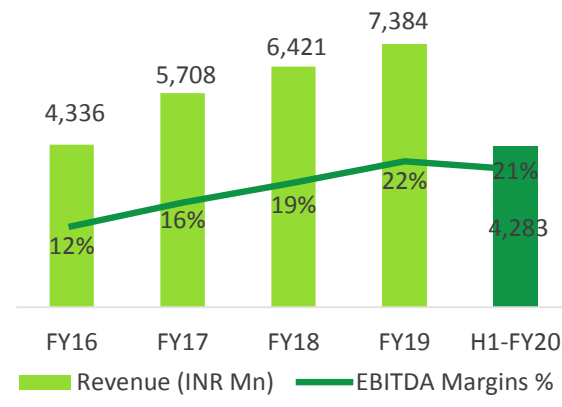
# About The Company



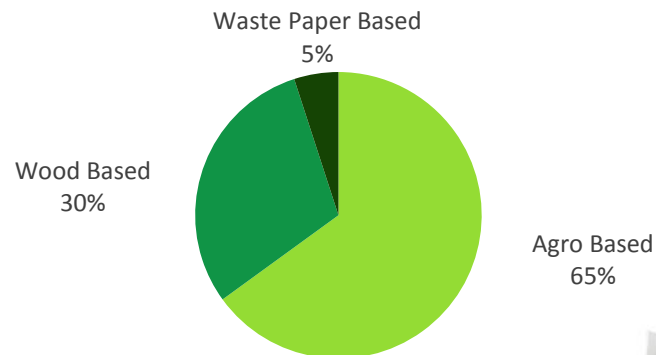
- Incorporated in 1980 by Dr. Ajay Satia, Satia Industries Limited (SIL) started its commercial production of printing and writing paper at Muktsar, Punjab in 1984.
- SIL is one of the biggest Wood and Agro based paper plants in India manufacturing paper using wood chips, veneer waste, wheat straw, sarkanda, 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



# Key Management Personnel



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

- Dr. Satia set up the integrated paper mill in 1984.
- His vision to adopt technological changes and economies of scale along with timely capital infusion has brought the unit among the best in the industry in terms of pulping strength, power self-sufficiency, effluent treatment and meeting the environmental norms.
- Dr. Satia has a passion for work and possesses unparalleled enterprising spirit for expansion and modernisation.
- His greatest strength lies in building and retaining a strong and trusted team which has turned his dreams into reality.

## **R.K. Bhandari (MBA) - Joint Managing Director**

Looks after marketing and other administrative responsibilities since the last 32 years

## **Chirag Satia - Executive Director**

Chirag has been driving force behind new initiatives since he joined in 2015 and looks after Finance, Accounts and Commercial Operations. His enterprising spirit and forward looking vision has added new energy to the workforce.

## **A.C. Ahuja – Director**

Ex. Executive Director IFCL, Delhi

## **Hardev Singh - Director (Technical)**

Has a wide experience in installation of projects

## **Arun Kumar Gupta - Director (Independent)**

Senior Chartered Accountant

## **Ashok Kumar Gupta - Director (Independent)**

A CAIIB and has 35 years of experience in Banking

## **Dr. Priti Lal Shivhare (MSc, Ph.D. Chemistry) - Director (Independent)**

A scientist in Central Pulp and Paper Research Institute, Saharanpur, (U.P)

## **Inder Dev Singh – Director (Independent)**

A retired personnel of PNB and has studied B.Com. and LLB and is a CAIIB

## **Dinesh Sharma – Director (Independent)**

Masters in Chemical Engineering

## **S. K. Arora – Director (Independent)**

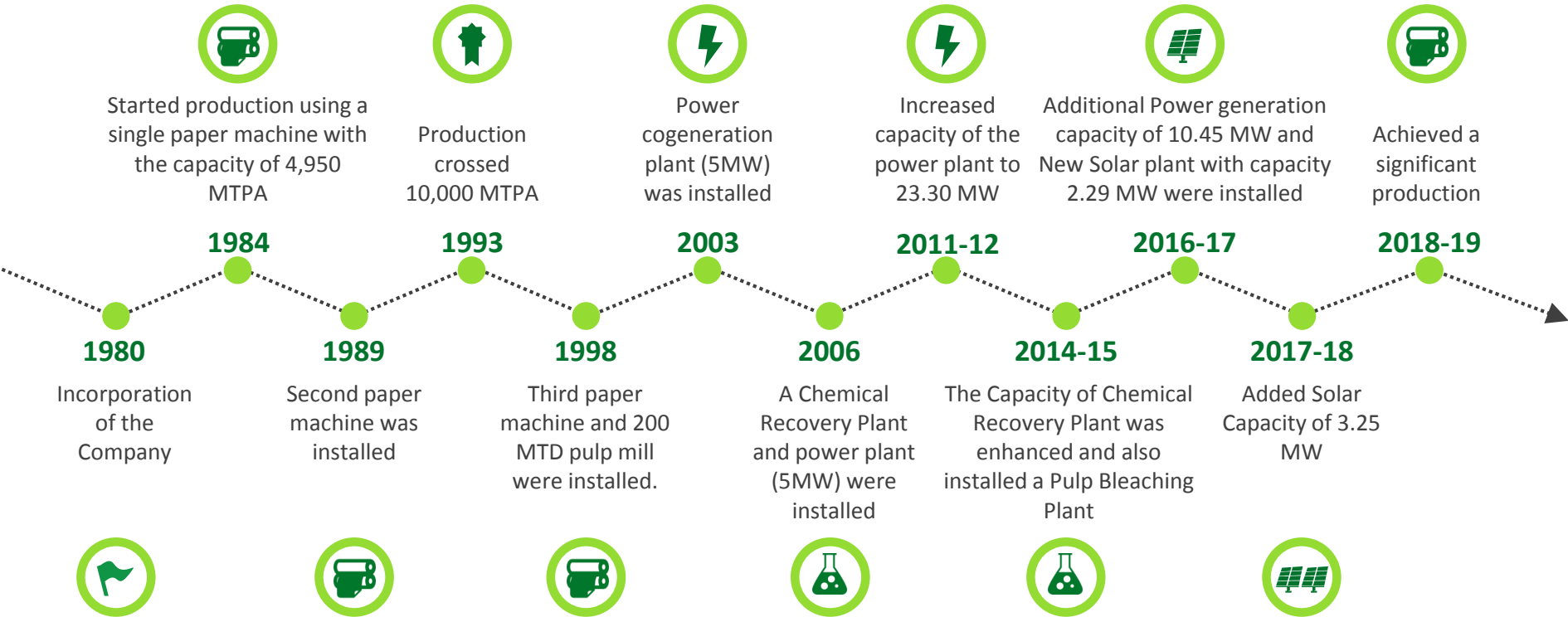
Senior Chartered Accountant

## **Ashok Khurana (C.A.) - VP-Finance**

## **R. K. Dhuria – Company Secretary**

L.L.B.

# Key Milestones

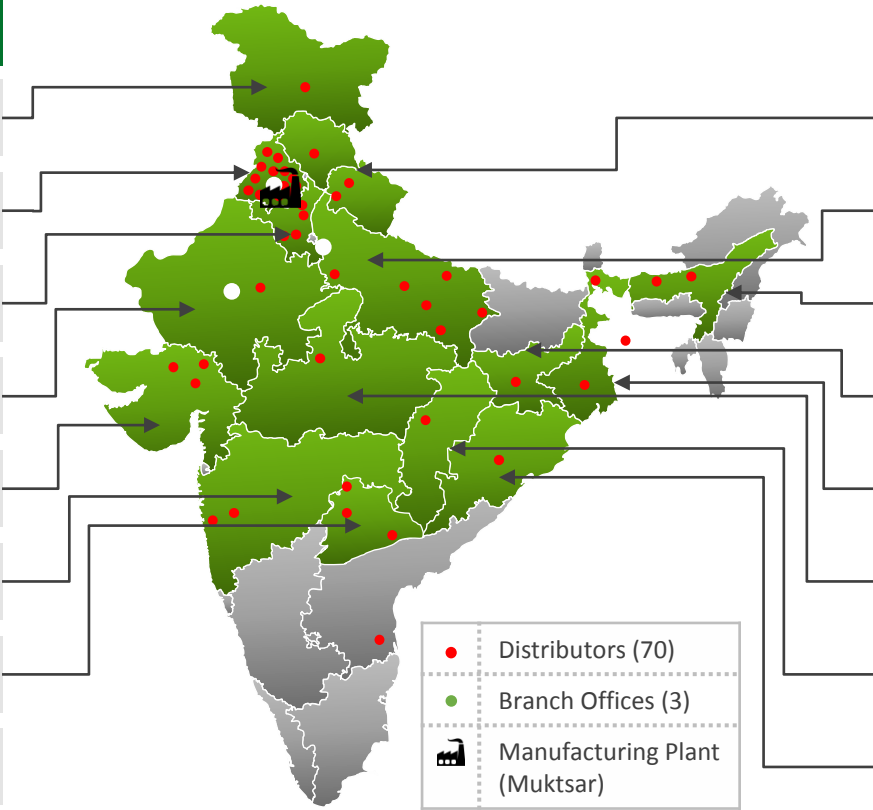


# Geographical Presence



## Region-wise sales for FY19

Jammu & Kashmir	<b>1.3%</b>
Punjab	<b>8.4%</b>
Haryana	<b>3.7%</b>
Rajasthan	<b>9.1%</b>
Gujarat	<b>1.4%</b>
Maharashtra	<b>13.7%</b>
Telangana	<b>0.9%</b>
Export and Others	<b>10.4%</b>



## Region-wise sales for FY19

Delhi	<b>12.8%</b>
Uttar Pradesh	<b>18.1%</b>
Assam	<b>5.8%</b>
West Bengal	<b>2.3%</b>
Bihar	<b>0.8%</b>
Madhya Pradesh	<b>2.1%</b>
Chhattisgarh	<b>5.4%</b>
Odisha	<b>3.8%</b>

- Distributors (70)
- Branch Offices (3)
- Manufacturing Plant (Muktsar)



# Manufacturing Facilities



## Pulping Facilities



## Paper Machines



## Chemical Recovery Plant



## Power Generation



### Segment

- Continuous Digester for cooking pulp, oxygen delignification and chlorine dioxide bleaching has been installed.

- Capacity of paper machines varies with operating speed and GSM of paper.
- **Proposed:** 300 TPD, already applied for Environment Clearances
- Project target for commissioning is two and a half years subject to all Govt. permissions.

- Installed two Chemical Recovery boilers with a capex of INR 850 Mn to process black liquor for reversion into caustic soda.
- It also helps in environment compliance.

- Installed three turbine generating sets at a total capex of INR 871.6 Mn and a solar power plant at capex of INR 224.2 Mn.

### Description

# 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



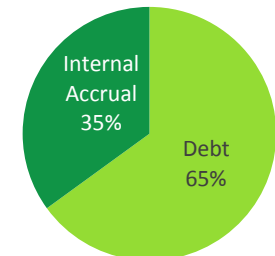
Capacity  
Expansion of  
1,00,000 MT of  
Paper

## 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**

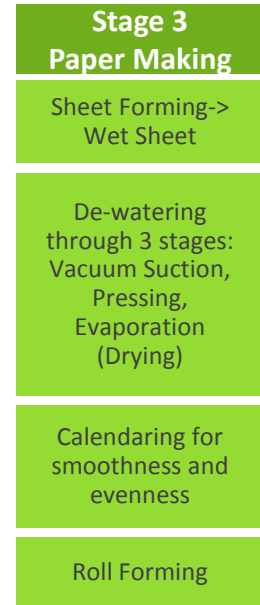
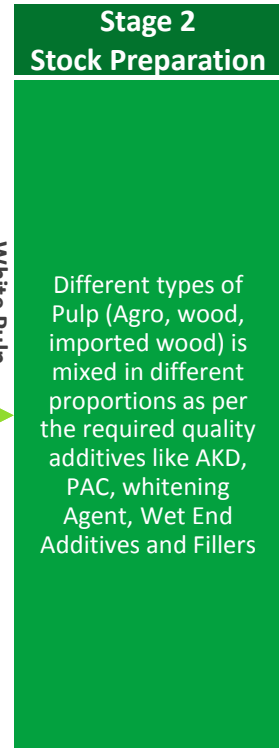
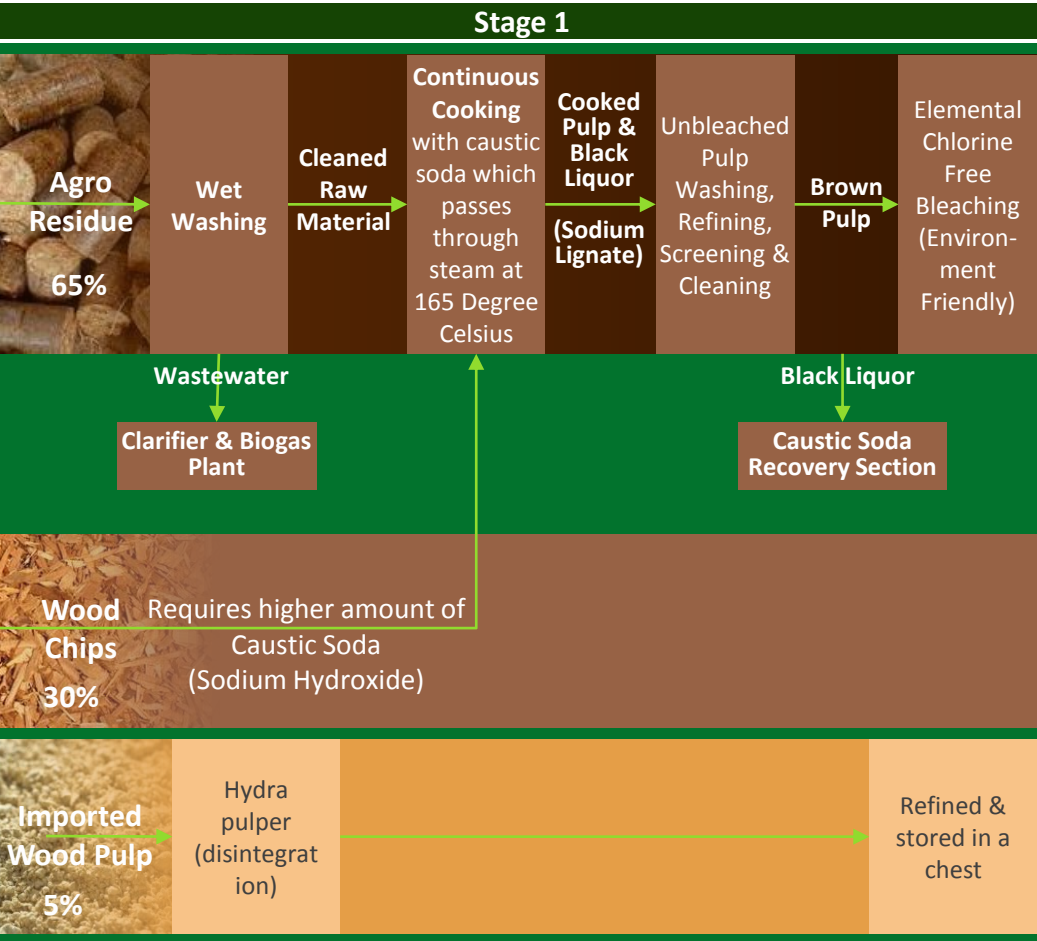


**To be  
enhanced to  
32 TPD**

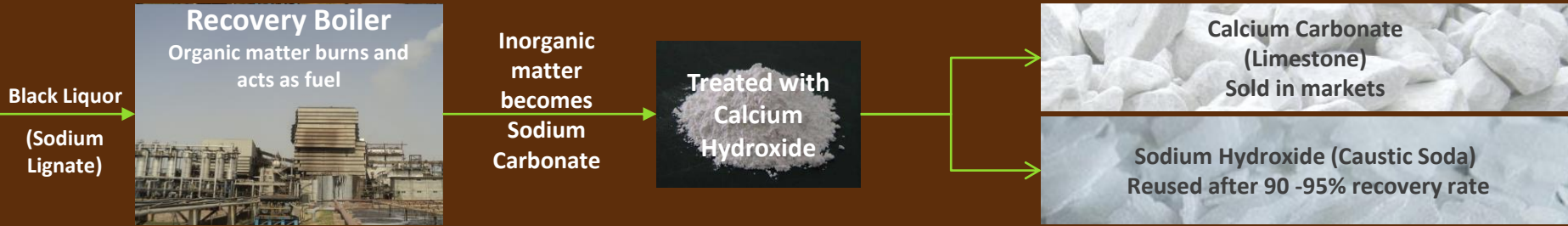


Online food delivery is fuelling substantial acceleration in food packaging demand. We expect this segment to gain traction by FY21.

# Paper Making Process



# Effluent Treatment



Wheat straw wet washing waste water is used to produce Biogas



Waste water from paper machine is clarified and reused in washing of pulp in bleaching stages



Maximum circulation of bleaching plant filtrate



Final effluents are first treated at the Effluent Treatment Plant & then passed to the Eucalyptus Plantations



# Top Clients



Bal Bharti



Assam State Text Book Production & Publication Corporation Ltd.



Odisha State Bureau of Textbook



Chhattisgarh Pathya Pustak Nigam



Rajasthan Rajya Pathyapustak Mandal

**BurdaDruck**  
Burda Druck India Private Limited

Burda Druck India Private Limited



West Bengal Text Book Corporation Ltd



Himachal Pradesh Board of School Education



Indian Railways

# Myths Vs Realities of the Paper Industry



← Myth	Reality →
Denuding forests	Paper industry in India is also agro and rural based. Industry led agro/farm forestry in collaboration with farmers have brought over 125,000 hectares under pulp wood plantations.
Disturbs ecological balance	It is wood positive. The industry grows more trees through its agro-forestry initiative than it harvests. Moreover, pulp and paper industry consumes only 3% of the national requirement of wood while major consumption is as fuel wood (89.5%) and timber (7.5%).
The sun has set on India's paper industry	Overall paper consumption is projected to increase to 24 million ton in 2024-25 from 15 million ton currently. Every one kg increment per capita consumption results in additional demand of more than 1 MTPA.
Technologically outdated	An investment of more than USD 5 Bn. has been made by the industry during the last five years in capacity enhancement, technology upgradation and various acquisitions.
Unsustainable industry	Paper is biodegradable, recyclable and sustainable.
Puts undue strain on water and energy resources	Earlier, paper mills used to consume 200 cubic meters of water to produce a ton of paper. Now, the integrated mills have reduced the usage to 50 cubic meters with efforts on for 40 cubic meters.
Lobbies for access to forests repeatedly	Out of the total degraded forest land of 29 Mn hectares, the paper industry is asking for only 10%. Growing pulpwood trees on degraded land will lead to a fillip in rural employment and add to the green cover of India.

# Certifications




## Certificate of Registration

This is to certify that

### Satia Industries Ltd.

Village - Rupana, Muktsar - Malout Road, Muktsar - 152032 (Punjab), India.

has been assessed by RICL and found to comply with the requirements of

## ISO 9001 : 2015

### Quality Management System

For the following activities:  
Manufacturing and Supply of Writing & Printing Paper

This Certificate is Valid from 21/04/2017 Until 20/04/2019

Date of Initial Certification: 21/04/2017  
1st Surveillance Successfully Conducted  
1st Surveillance on or before: 20/03/2019  
Certification Valid Until: 20/04/2020

Certificate No.:  
**17RQ04BQ**


*Truth as we*

Director  
**Royal Impact Certification Ltd.**  
Certificate details entered into JAS-ANZ register on 21/04/2017

A-06, Ground Floor, Sector -2, Noida - 201301, India.  
www.isconternational.org, info@isconternational.org  
Phone: +91 120 4113693, 9761918794

This Certificate can be verified at: www.isconternational.org and www.jas-anz.org

Certificate remains the property of Royal Impact Certification Limited. Must be returned on request or if certificate is invalid. Validity of this certificate is subject to successful surveillance audits. RICL is accredited by JAS-ANZ, UKAS, Bureau Veritas, System of Australia & New Zealand, www.jas-anz.org/roicr.



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This is to certify that

### Satia Industries Ltd.

Village - Rupana, Muktsar - Malout Road, Muktsar - 152032 (Punjab), India.

has been assessed by RICL and found to comply with the requirements of

## ISO 14001 : 2015

### Environmental Management System

For the following activities:  
Manufacturing and Supply of Writing & Printing Paper

This Certificate is Valid from 13/06/2018 Until 12/06/2019

Date of Initial Certification: 13/06/2018  
1st Surveillance on or before: 12/05/2019  
Certification Valid Until: 12/06/2020  
UAF is a full member of International Accreditation Forum (IAF)

Certificate No.:  
**18U06AU**

*Truth as we*

Director  
**Royal Impact Certification Ltd.**

A-06, Ground Floor, Sector -2, Noida - 201301, India.  
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has been assessed by RICL and found to comply with the requirements of

## OHSAS 18001:2007

### Occupational Health & Safety Management System

For the following activities:  
Manufacturing and Supply of Writing & Printing Paper

This Certificate is Valid from 13/06/2018 Until 12/06/2019

Date of Initial Certification: 13/06/2018  
1st Surveillance on or before: 12/05/2019  
Certification Valid Until: 12/06/2020  
UAF is a full member of International Accreditation Forum (IAF)

Certificate No.:  
**18U006AV**


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## Rainforest Alliance

SATIA INDUSTRIES LIMITED  
VILLAGE - RUPANA, MUKTSAR - MALOUT ROAD  
MUKTSAR, PUNJAB - 152032  
INDIA

IS CERTIFIED FOR FOREST STEWARDSHIP COUNCIL™  
CHAIN OF CUSTODY

Certificate Scope

Certificate Type: Single Chain of Custody  
Standard(s): FSC-GTD-40-004 V2-1; FSC-GTD-40-007 V2-0  
Product group(s): Writing, copying and printing paper  
Valid from September 14, 2015 to September 13, 2020  
Certificate Registration Code: RA-COC-007279

FSC License Code: FSC-C126556  
Certificate Issue Number: IN-2015-1

Additional details regarding the scope, including a full list of products and species, are available at info.fsc.org.

*Jon Jelling*



Jon Jelling, Director, Certification  
Rainforest Alliance  
233 Broadway, 20th Floor New York, NY 10027 USA

RAINFORREST ALLIANCE IS AN FSC® ACCREDITED CERTIFIER

The validity of this certificate shall be verified on info.fsc.org. This certificate does not constitute evidence that a particular product supplied by the certificate holder is FSC-certified, unless FSC Certified Wood. Products offered, shipped or sold by the certificate holder can only be considered covered by the scope of this certificate when the required FSC-chain is clearly stated on invoices and shipping documents.

This certificate is the property of Rainforest Alliance. This certificate and all copies or reproductions of this certificate shall be returned or destroyed if requested by Rainforest Alliance.

Version July 2013

# Key Strengths



Wheat Straw is cheap and easily available locally



**Low cost raw materials**

No other paper mill in a 100 Km radius



**Secure access to raw materials**

Chemical Recovery Plant to treat Black Liquor, oxygen plant for Delignification, production of Chlorine Dioxide for Bleaching & Pulping



**Tremendous cost savings through in-house effluent treatments/intermediates**



**Co-power generation to reduce cost**

27.95 MW capacity run on Biomass and process intermediate- Black Liquor



**Pan India distribution network**

3 Branch Offices and 70 Distributors

Long standing relationships with State Text Book Boards



**Environment compliant manufacturing facilities**

In-house treatment of pollutants and 540 Acres of Eucalyptus Plantations and Carbon Credit Surplus



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

## Business Overview



# Writing and Printing paper : Products



## Snow White

### Features:

Brightness: 85%  
Whiteness: 133%  
Opacity: 85-96%

### Variants:

Copy Segment: 52-64 GSM  
Printing Segment: 52-90 GSM

### Pricing:

INR 60,500 to 64,000 PMT

### RM Composition:

Agro Pulp: 75%  
Hard Wood Pulp: 25%



## Super Snow White

### Features:

Brightness: 89%  
Whiteness: 142%  
Opacity: 85-96%

### Variants:

Copy Segment: 52-64 GSM  
Printing Segment: 52-90  
GSM

### Pricing:

INR 61,500 to 65,000 PMT

### RM Composition:

Agro Pulp: 70%  
Hard Wood Pulp: 30%



## Ultra White

### Features:

Brightness: 85%  
Whiteness: 133 %  
Opacity: 85-96%

### Variants:

Copy Segment: 52-64 GSM  
Printing Segment: 52-90  
GSM

### Pricing:

INR 62,500-65,800 PMT

### RM Composition:

Agro Pulp: 75%  
Hard Wood Pulp: 25%



## Ultra Shine

### Features:

Brightness: 88%  
Whiteness: 142 %  
Opacity: 85-96%

### Variants:

Copy Segment: 52-64 GSM  
Printing Segment: 52-90  
GSM

### Pricing:

INR 62,000 to 65,500 PMT

### RM Composition:

Agro Pulp: 70%  
Hard Wood Pulp: 30%



## Ultra Print

### Features:

Brightness: 90%  
Whiteness: 145 %  
Opacity: 78-96%

### Variants :

58-100 GSM

### Pricing:

INR 63,000 to 66,500  
PMT

### RM Composition:

Agro Pulp: 65%  
Hard Wood Pulp: 25%  
Imported Hard/Soft  
Wood Pulp: 10%

# Writing and Printing paper : Products



## Coloured Paper

### Features:

Brightness- NA  
Whiteness- NA  
Opacity – 78-96%

### Variants:

48-180 GSM

### Pricing:

INR 67,000 to 71,000 PMT

### RM Composition:

Agro Pulp- 70%  
Hard Wood Pulp -30%



## Cover Paper

### Features:

Brightness- 85%  
Whiteness- 133%  
Opacity – 94-96%

### Variants:

100-170 GSM

### Pricing:

INR 62,000 PMT

### RM Composition:

Agro Pulp- 75%  
Hard Wood Pulp -25%



## Natural Shade

### Features:

Brightness- 82%  
Whiteness- 70%  
Opacity – 92-95%

### Variants:

80-120 GSM

### Pricing:

INR 62,000 PMT

### RM Composition:

Agro Pulp- 70%  
Hard Wood Pulp -30%



## Photo Copier

### Features:

Brightness- 90%  
Whiteness- 142%  
Opacity – 92%

### Variants:

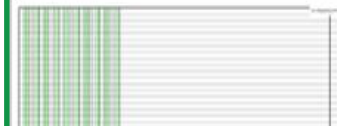
70-80 GSM

### Pricing:

INR 69,500-70,000

### RM Composition:

Agro Pulp- 65%  
Hard Wood Pulp -20%  
Imported Hard/Soft Wood  
Pulp- 15%



## Ledger

### Features:

Brightness- 58%  
Whiteness- 11%  
Opacity – 88-90%

### Variants :

58-90 GSM

### Pricing:

INR 65,000 to 66,000  
PMT

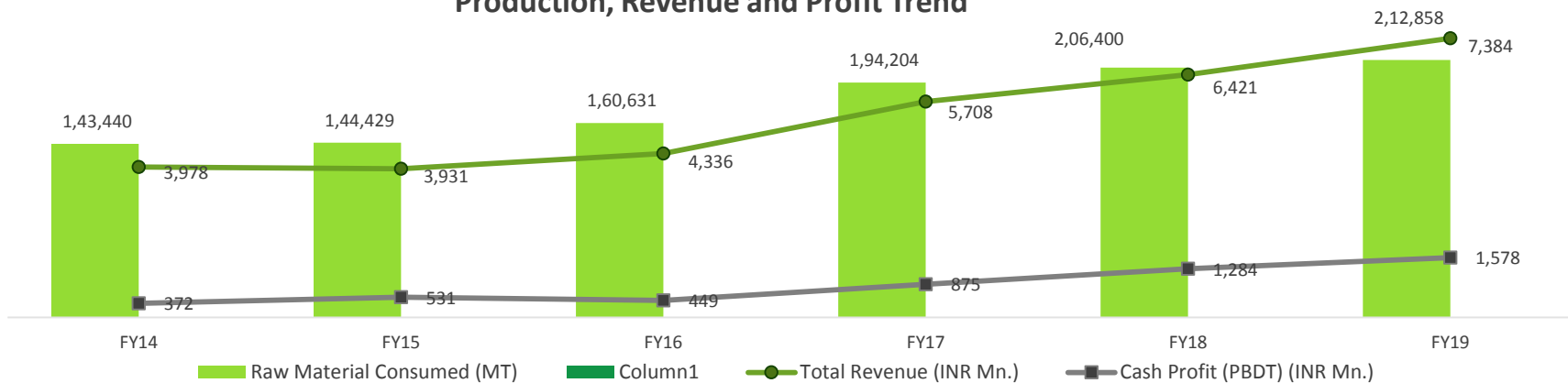
### RM Composition:

Agro Pulp- 75%  
Hard Wood Pulp- 25%

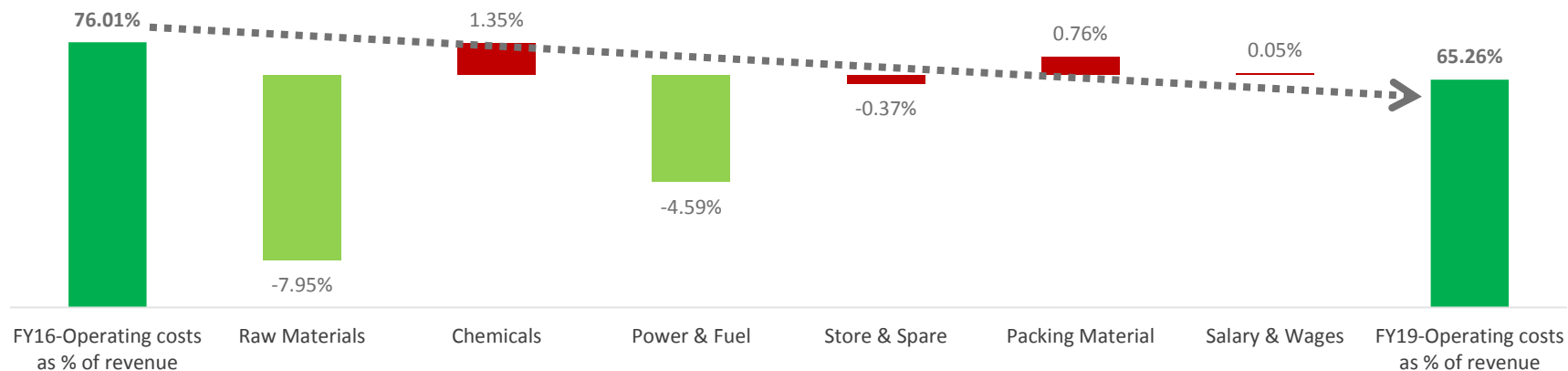
# Operating Efficiency



## Production, Revenue and Profit Trend



## Operating Cost Bridge



# Strategic Advantage



## Raw Material Security

- SIL has the capability and flexibility to use all three kinds of pulp made from agro residue, wood and waste paper.
- It procures raw materials like wheat straw, sarkanda and wood chips from the area adjacent to the manufacturing plant in Punjab.
- No other paper mill, in a 100 km, radius ensures easy and cheap availability.

## Water Security

- Water is imperative at each stage of production and can lead to loss of machine days in case of shortage.
- The fresh water requirement is 18,500 m<sup>3</sup> /day for Agro & Wood-Based Pulp to produce writing & printing paper 390 TPD.
- The Company has an approval from the state irrigation department for fresh water withdrawal of 7.5 cusec from Arniwala Canal, which is at a distance of 1.8 km.

## Captive Power Generation

- With the high cost of power directly affecting profits of paper industries, the best option is to install own captive power plants to manage production schedules without unplanned downtime and lower costs.
- Against the huge requirement of steam at 10Kg/cm<sup>2</sup> pressure for pulp making and steam at 4Kg/cm<sup>2</sup> pressure for drying paper; SIL has installed 62Kg/cm<sup>2</sup> steam pressure boilers and 27.95 MW power is co-generated from energy produced in pressure reduction which helps in huge cost savings.



01

SIL plans to make best of the scenario by focusing on modernization of its existing plant and machinery; quality up gradation by increasing wood pulp in its raw material mix and making surface sized paper for high speed multi colour printing and plans to double its production capacity by setting up a new paper machine in its existing premises by the end of the year 2020. The plant will be operational by 2021/2022.

02

SIL proposes to simultaneously enhance its agro, wood and recycling pulp making facilities to meet increased level of paper machines capacity along with flexibility in raw material usage. We plan to upgrade our Chemical recovery plant and cogeneration division to meet environmental challenges and also maintain our independence in low cost power to maintain cost competitiveness.

03

With a strong raw material base, doubled production capacity to over 2.0 lac tons paper every year and with a flexibility to make high grade surface sized maplitho and copier paper along with our traditional stronghold in Government textbook paper market; we plan to expand our customer base and further strengthen our existing network by meeting varied needs of the customers in the face of stiff competition in the market.



# Environmental Compliance



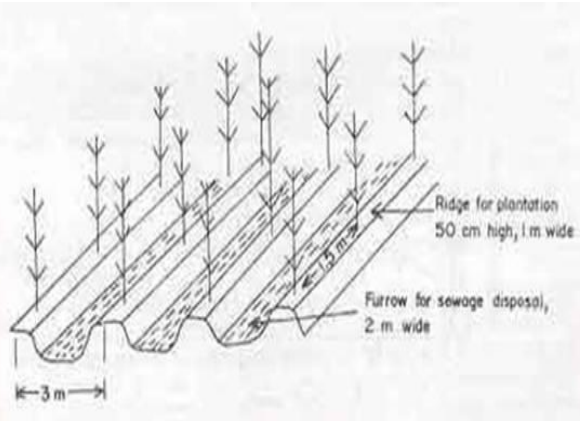
**Environment Compliance though a legal necessity; SIL considers this as its moral responsibility and has undertaken many steps to ensure that no harm is done to the environment:**

- **Eucalyptus Plantation** : SIL uses the natural quality of Eucalyptus Plant for natural pumping and evaporation of ground water through its leaves into the atmosphere and has developed 540 acres of Eucalyptus Plantation for waste water handling. No water is discharged into any water body.
- SIL has adequate water and air pollution control devices to meet the prescribed norms of Water and Air pollution and has got the necessary Consent to operate from the PPCB, Punjab under different Acts.
- SIL has a fish tank with the treated waste water to check fish survival in the treated effluent and establishes that it is not harmful for aquatic life.
- Solid waste is used by card board manufacturers and boiler ash goes into land filling.
- SIL is planning to tie up with cement companies to dispose lime sludge.
- Methane is used for power generation or as fuel in the boiler.



## Process

- The Karnal Technology involves growing trees on ridges 1m wide and 50cm high and disposing of the untreated sewage in furrows.
- The effluent is consumed within 12-18 hours and it is possible to dispose off 0.3 to 1.0 ML of effluent per day per hectare through this technique.



## Low Cost

- The expenditure of adopting this technology involves cost of making ridges, plantation and their care.
- The implementation does not involve skilled labour and relatively unfertile wastelands can be used for this purpose.

## Zero Effective Discharge

- This technique utilizes the entire biomass as living filter for supplying nutrients to soil and plant.
- Further, as forest plants are to be used for fuel wood, timber or pulp, there is no chance of pathogens, heavy metals and organic compounds to enter into the human food chain system.

## Plantation

Eucalyptus plant is widely used for Karnal Technology due to the capacity to transpire large amounts of water and ability to remain active through out the year.



## Revenue Generation

This system generates gross returns from the sale of fuel wood and the sludge accumulating in the furrows along with the decaying forest litter.

# Corporate Social Responsibility



SIL believes that the corporate sector are economic organs of the society and therefore endeavors to make a positive difference to the society by trying to build a better tomorrow.

- **Total amount spent in FY19: INR 11.2 Mn**
- **Total amount spent during FY18: INR 4.9 Mn**
- The management has approved **INR 25 Mn** for CSR program in surrounding villages. The activities mentioned therein shall be carried out within a **time frame of 5 years** (2017-18 to 2021-22)

The sectors identified under the scope of CSR activities are as follows:

**Community Health Improvement:** Periodical medical checkups, blood donation camps to be organized near the project site, eye check-up camps, health awareness camps for mother and child and health and hygiene practices

**Community Education Facilities:** Augmentation of furniture, blackboard, etc. in village schools, award scholarships to meritorious students, distribution of educational books, stationary, uniforms, aids, etc.

**Community Welfare activities:** Development of worship places as well as beautification, distribution of seeds & saplings, promotion & support to various Govt. schemes

**Community Water Conservation:** Rain water harvesting, ground water recharge pits and water conservation awareness programs

**Community Capacity Building:** Development of vocational training for technical skills, self employment trainings for women, such as, stitching, embroidery, tailoring, and handicrafts, etc.

**Infrastructural Development:** Village pond retrieval and R.O installation

**A forestation Programs:** Plantation of trees in village road sides



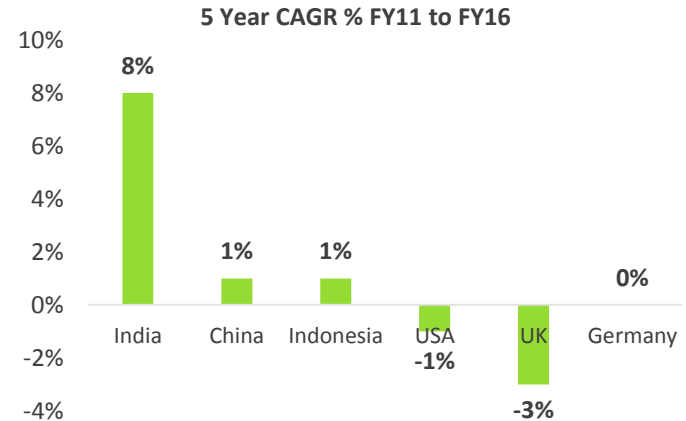
**SATIA INDUSTRIES LIMITED**  
AN ISO 9001, 1400 & OHSAS 18001 COMPANY

## Industry Overview

# Paper Industry Overview



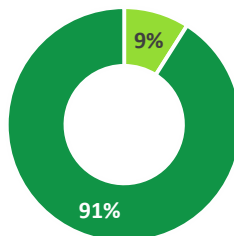
- Globally, India is the fastest growing paper market – 5-year (FY11 - FY16) with a CAGR of consumption is 8% in comparison to 1% globally.
- Paper demands grow in tandem (gain momentum) with the GDP growth rate in a country. Over the last 10-yr period (2006-2016), India's paper demand grew 8.1%, whereas GDP CAGR was 7.3%. Thus, the Company believes that India's high GDP growth rate ensures that base demand growth for paper is high.
- Moreover, paper usage per capita in India lags in comparison to most other major economies - 13 kg p.a. vs 150-250 kg p.a. for more developed countries.
- Combined with rapidly improving literacy rates and increasing office documentation needs, we expect demand growth in writing and printing paper in India to continue [Literacy rate improved to 75% in 2016 from 63% in 2001].
- The Indian paper industry is highly fragmented with more than 1000 mills, of which about 750 mills are operational and top 3 players account for only 9% of the market.



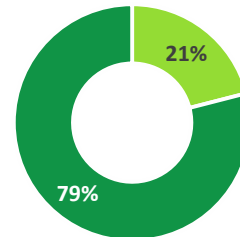
## India has one of the lowest per capita consumption of paper



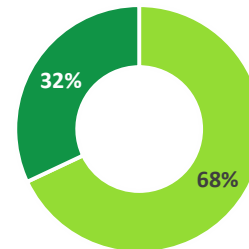
## India (total 17m tons)



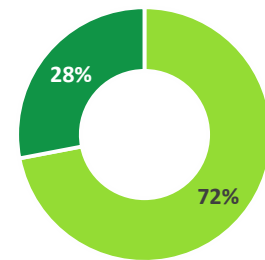
## China (total 109m tons)



## USA (total 70m tons)



## Indonesia (total 7m tons)



■ Share of Top 3

■ Others



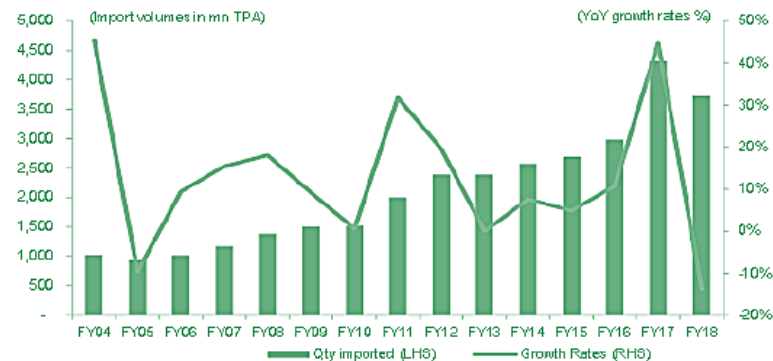
# Paper Industry Overview



- India is the fastest growing major paper market in the world.
- An appreciating rupee made imports attractive in FY17.
- Anti-dumping duties were imposed by the US in 2016 and 2017, which led to diversion of supply from US to Indian markets.
- Free Trade Agreements with ASEAN and South Korea led to an increase in exports at 10Yr CAGR of 15% and 8%, respectively.
- Even though this dynamic may change as the rupee depreciates\anti-dumping duty is effected, open imports have already forced companies to increase cost efficiency\consolidate.



## Imports grew at 9.3% CAGR from FY13 to FY18





# Challenges of Environmental Compliance



- The pulp and paper industry is among the world's largest generators of air and water pollutants, waste products and gases that cause climate change. Thus, heavy investment is required by companies to be environmentally compliant. Multiple norms have been introduced over the years, which have covered paper manufacturing companies.



- Corporate Responsibility for Environment Protection (CREP) had some key action points - utilization of treated effluent wherever possible, reduce wastewater discharge to less than 140 m<sup>3</sup>/tonne of paper by 2005, etc.
- Charter for Water Recycling & Pollution Prevention in Pulp & Paper Industries (CWRPP), not only highlighted the Best Available Techniques (BAT) based on European Union's BREF document, but also laid down stringent water consumption, effluent generation and effluent characteristics norms for the industry to be achieved in two phases, i.e., short-term goals (by March 2016) and long-term goals (by March 2017). Water consumption norm of 50 m<sup>3</sup>/tonne of paper produced has already been achieved by the Industry.
- National Charter is in the pipeline. Large mills have already incurred capex to adopt environmental friendly technologies and thus, would not have a huge impact.
- Central Pollution Control Board (CPCB) advises the Central government on matters concerning air and water pollution. It has classified pulp and paper in the Red category, which means environmental clearance for new factories would be strict.
- Recently, 12 environmentally non-compliant paper mills were issued closure notices by CPCB.

# Indian Paper Industry is Ripe for Consolidation



**High Capital Intensity** - Investment in land and machinery, repairs and maintenance of mills, technology, cost of environmental compliance, growing wood plantations and establishing a distribution network all make manufacturing paper a capital intensive task.

**Economies of scale** - The average capacity of an Indian Paper Mill is about 21,373 TPA, which is less than 1/5th of the average capacity of European mills, and about 1/9th the size of the average US mill.

**Imports will pressure inefficient players further.**

**It is expensive to be environmentally compliant** - The pulp and paper industry is among the world's largest producers of water pollutants and waste products. CPCB has classified Pulp and Paper industry into the Red category, which means environmental clearance for new factories would be strict.

**Advent of GST** - GST has been introduced at 12-18% for most paper categories which implies that the margin cushion available to small companies (likely tax avoiding) may be pressured.

**Industry Stress** - Multiple inorganic opportunities are available in India, which can help large players with strong balance sheets consolidate.



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## 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

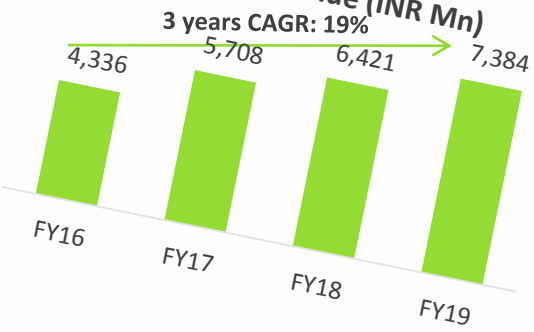
# Balance Sheet (IND-AS)



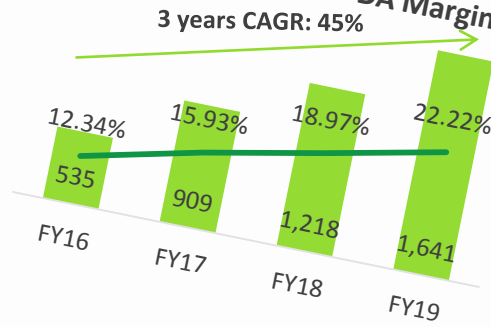
PARTICULARS (INR Mn)	FY18	FY19	H1-FY20	PARTICULARS (INR Mn)	FY18	FY19	H1-FY20
<b>Equity</b>	<b>2,226</b>	<b>3,076</b>	<b>3,574</b>	<b>Non-Current Assets</b>	<b>3,540</b>	<b>4,505</b>	<b>5,012</b>
Equity Share Capital	100	100	100	a) Property, Plant and Equipment	3,119	3,827	3,623
Other Equity	2,126	2,976	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

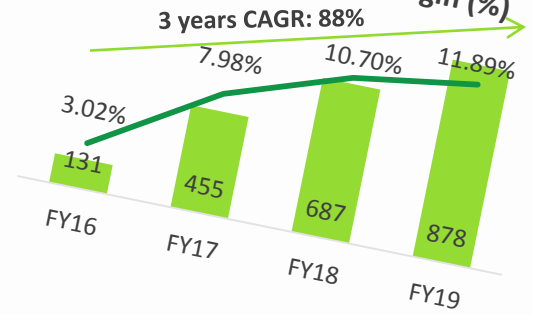
**Operational Revenue (INR Mn)**



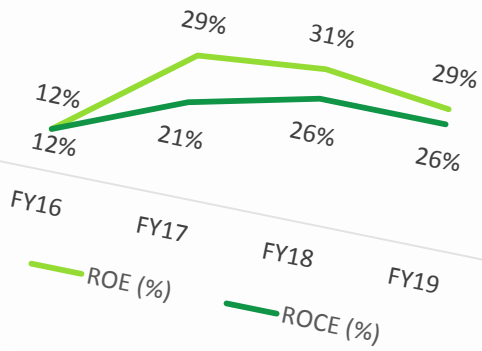
**EBITDA (INR Mn) & EBITDA Margin (%)**



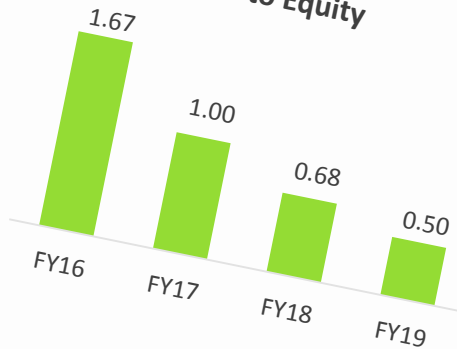
**PAT (INR Mn) & PAT Margin (%)**



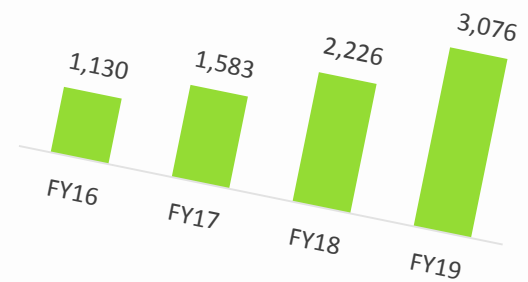
**ROE (%) and ROCE (%)**



**Debt to Equity**

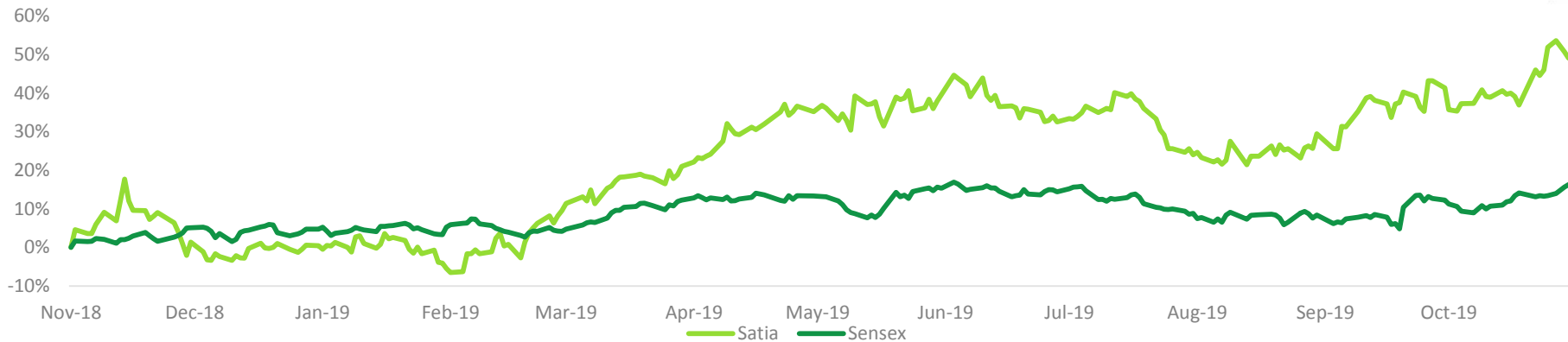


**Net Worth (INR Mn)**





# Capital Market Data

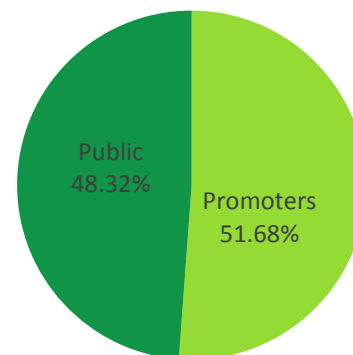


## Price Data (30<sup>th</sup> October, 2019)

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