Dear Sir/Madam,

Sub: Submission of Analyst/Investor Presentation


Thanking you,

Yours sincerely,

For Satia Industries Ltd

(Rakesh Kumar Dhuria)
Company Secretary
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

<table>
<thead>
<tr>
<th>Operational Revenue</th>
<th>EBITDA INR 1,641 Mn</th>
<th>EBITDA Margin 22.22%</th>
</tr>
</thead>
<tbody>
<tr>
<td>INR 7,384 Mn</td>
<td>PAT INR 878 Mn</td>
<td>PAT Margin 11.89%</td>
</tr>
<tr>
<td></td>
<td>ROE 29%</td>
<td>ROCE 26%</td>
</tr>
</tbody>
</table>
About The Company

- 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.
Key Management Personnel

- 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.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>R.K. Bhandari (MBA)</td>
<td>Joint Managing Director</td>
<td>Looks after marketing and other administrative responsibilities since the last 32 years</td>
</tr>
<tr>
<td>Chirag Satia</td>
<td>Executive Director</td>
<td>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.</td>
</tr>
<tr>
<td>A.C. Ahuja</td>
<td>Director</td>
<td>Ex. Executive Director IFCI, Delhi</td>
</tr>
<tr>
<td>Hardev Singh</td>
<td>Director (Technical)</td>
<td>Has a wide experience in installation of projects</td>
</tr>
<tr>
<td>Arun Kumar Gupta</td>
<td>Director (Independent)</td>
<td>Senior Chartered Accountant</td>
</tr>
<tr>
<td>Ashok Kumar Gupta</td>
<td>Director (Independent)</td>
<td>A CAIIB and has 35 years of experience in Banking</td>
</tr>
<tr>
<td>Dr. Priti Lal Shivhare</td>
<td>Director (Independent)</td>
<td>A scientist in Central Pulp and Paper Research Institute, Saharanpur, (U.P)</td>
</tr>
<tr>
<td>Inder Dev Singh</td>
<td>Director (Independent)</td>
<td>A retired personnel of PNB and has studied B.Com. and LLB and is a CAIIB</td>
</tr>
<tr>
<td>Dinesh Sharma</td>
<td>Director (Independent)</td>
<td>Masters in Chemical Engineering</td>
</tr>
<tr>
<td>S. K. Arora</td>
<td>Director (Independent)</td>
<td>Senior Chartered Accountant</td>
</tr>
<tr>
<td>Ashok Khurana</td>
<td>VP-Finance</td>
<td></td>
</tr>
<tr>
<td>R. K. Dhuria</td>
<td>Company Secretary</td>
<td></td>
</tr>
</tbody>
</table>
Incorporation of the Company

1980

Second paper machine was installed

1984

Production crossed 10,000 MTPA

1989

Third paper machine and 200 MTD pulp mill were installed.

1993

Power cogeneration plant (5MW) was installed

1998

A Chemical Recovery Plant and power plant (5MW) were installed

2003

The Capacity of Chemical Recovery Plant was enhanced and also installed a Pulp Bleaching Plant

2006

Increased capacity of the power plant to 23.30 MW

2011-12

Additional Power generation capacity of 10.45 MW and New Solar plant with capacity 2.29 MW were installed

2014-15

Achieved a significant production

2016-17

Started production using a single paper machine with the capacity of 4,950 MTPA

1980

Production crossed 10,000 MTPA

1984

Increased capacity of the power plant to 23.30 MW

2006

Additional Power generation capacity of 10.45 MW and New Solar plant with capacity 2.29 MW were installed

2014-15

Achieved a significant production

2018-19

Started production using a single paper machine with the capacity of 4,950 MTPA

1980

Production crossed 10,000 MTPA

1984

Increased capacity of the power plant to 23.30 MW

2006

Additional Power generation capacity of 10.45 MW and New Solar plant with capacity 2.29 MW were installed

2014-15

Achieved a significant production

2018-19
Geographical Presence

Region-wise sales for FY19

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jammu &amp; Kashmir</td>
<td>1.3%</td>
</tr>
<tr>
<td>Punjab</td>
<td>8.4%</td>
</tr>
<tr>
<td>Haryana</td>
<td>3.7%</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>9.1%</td>
</tr>
<tr>
<td>Gujarat</td>
<td>1.4%</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>13.7%</td>
</tr>
<tr>
<td>Telangana</td>
<td>0.9%</td>
</tr>
<tr>
<td>Export and Others</td>
<td>10.4%</td>
</tr>
<tr>
<td>Delhi</td>
<td>12.8%</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>18.1%</td>
</tr>
<tr>
<td>Assam</td>
<td>5.8%</td>
</tr>
<tr>
<td>West Bengal</td>
<td>2.3%</td>
</tr>
<tr>
<td>Bihar</td>
<td>0.8%</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>2.1%</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>5.4%</td>
</tr>
<tr>
<td>Odisha</td>
<td>3.8%</td>
</tr>
</tbody>
</table>
## Manufacturing Facilities

<table>
<thead>
<tr>
<th>Segment</th>
<th>Pulping Facilities</th>
<th>Paper Machines</th>
<th>Chemical Recovery Plant</th>
<th>Power Generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>• Continuous Digester for cooking pulp, oxygen delignification and chlorine dioxide bleaching has been installed.</td>
<td>• Capacity of paper machines varies with operating speed and GSM of paper.</td>
<td>• Installed two Chemical Recovery boilers with a capex of INR 850 Mn to process black liquor for reconversion into caustic soda.</td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• <strong>Proposed:</strong> 300 TPD, already applied for Environment Clearances</td>
<td>• It also helps in environment compliance.</td>
<td></td>
</tr>
</tbody>
</table>
Capex Plan

**Current Capacity**
1,05,000 MT of Paper

**Capex of**
INR 500 Cr

**Capacity Expansion of**
1,00,000 MT of Paper

**Funding**
- Internal Accrual: 35%
- Debt: 65%

**Updates:**
- Additional land has been purchased.
- New European Paper Manufacturing Machine has been ordered.
- Foundation work going on in full swing for the new Block.
- Final Environmental Clearance already received from the Ministry of Environment & Forests, Delhi.
- Financial closure has already been achieved for the first phase.

**Plant to be commissioned by the end of Q4-FY21**

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.
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.

Target for commencement of production is in FY 21.

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

Stage 1

- **Agro Residue (65%)**
  - Wet Washing
  - Cleaned Raw Material
  - Continuous Cooking with caustic soda which passes through steam at 165 Degree Celsius
- **Cooked Pulp & Black Liquor (Sodium Lignate)**
- **Unbleached Pulp Washing, Refining, Screening & Cleaning**
- **Brown Pulp**
- **Elemental Chlorine Free Bleaching (Environment Friendly)**

Stage 2

**Stock Preparation**

- Different types of Pulp (Agro, wood, imported wood) is mixed in different proportions as per the required quality additives like AKD, PAC, whitening Agent, Wet End Additives and Fillers

Stage 3

**Paper Making**

- Sheet Forming to Wet Sheet
- De-watering through 3 stages: Vacuum Suction, Pressing, Evaporation (Drying)

Stage 4

**Converting and Finishing**

- Sheet Forming
- Rewinding
- Cutting

**Agro Residue**

- Requires higher amount of Caustic Soda (Sodium Hydroxide)

**Wood Chips (30%)**

- Hydropulper (disintegration)

**Imported Wood Pulp (5%)**

- Refined & stored in a chest

**Wastewater**

- Clarity & Biogas Plant

**Black Liquor**

- Caustic Soda Recovery Section

**White Pulp**
# Effluent Treatment

| Black Liquor (Sodium Lignate) | Recovery Boiler  
Organic matter burns and acts as fuel | Inorganic matter becomes Sodium Carbonate | Treated with Calcium Hydroxide |
|-----------------------------|---------------------------------------|-------------------------------------|-----------------------------|
| Calcium Carbonate (Limestone)  
Sold in markets | Sodium Hydroxide (Caustic Soda)  
Reused after 90-95% recovery rate |

- **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.
<table>
<thead>
<tr>
<th>Top Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bal Bharti</td>
</tr>
<tr>
<td>Assam State Text Book Production &amp;</td>
</tr>
<tr>
<td>Publication Corporation Ltd.</td>
</tr>
<tr>
<td>Odisha State Bureau of Textbook</td>
</tr>
<tr>
<td>Chhattisgarh Pathya Pustak Nigam</td>
</tr>
<tr>
<td>Rajasthan Rajya Pathyapustak Mandal</td>
</tr>
<tr>
<td>Burda Druck India Private Limited</td>
</tr>
<tr>
<td>West Bengal Text Book Corporation Ltd</td>
</tr>
<tr>
<td>Himachal Pradesh Board of School Education</td>
</tr>
<tr>
<td>Indian Railways</td>
</tr>
</tbody>
</table>
## Myths Vs Realities of the Paper Industry

<table>
<thead>
<tr>
<th>Myth</th>
<th>Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denuding forests</td>
<td>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.</td>
</tr>
<tr>
<td>Disturbs ecological balance</td>
<td>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%).</td>
</tr>
<tr>
<td>The sun has set on India's paper industry</td>
<td>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.</td>
</tr>
<tr>
<td>Technologically outdated</td>
<td>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.</td>
</tr>
<tr>
<td>Unsustainable industry</td>
<td>Paper is biodegradable, recyclable and sustainable.</td>
</tr>
<tr>
<td>Puts undue strain on water and energy resources</td>
<td>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.</td>
</tr>
<tr>
<td>Lobbies for access to forests repeatedly</td>
<td>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.</td>
</tr>
</tbody>
</table>
Certifications

Satia Industries Ltd.
Village - Rupana, Muktinath - Muktinath Road, Muktinath - 15302 (Punjab), India.

ISO 9001 : 2015
Quality Management System

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

Satia Industries Ltd.
Village - Rupana, Muktinath - Muktinath Road, Muktinath - 15302 (Punjab), India.

ISO 14001 : 2015
Environmental Management System

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

Satia Industries Ltd.
Village - Rupana, Muktinath - Muktinath Road, Muktinath - 15302 (Punjab), India.

OHSAS 18001:2007
Occupational Health & Safety Management System

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

- **Low cost raw materials**
  - Wheat Straw is cheap and easily available locally
  - Chemical Recovery Plant to treat Black Liquor, oxygen plant for Delignification, production of Chlorine Dioxide for Bleaching & Pulping

- **Co-power generation to reduce cost**
  - 27.95 MW capacity run on Biomass and process intermediate- Black Liquor
  - Tremendous cost savings through in-house effluent treatments/intermediates

- **Secure access to raw materials**
  - No other paper mill in a 100 Km radius
  - Pan India distribution network

- **Environment compliant manufacturing facilities**
  - In-house treatment of pollutants and 540 Acres of Eucalyptus Plantations and Carbon Credit Surplus
  - Long standing relationships with State Text Book Boards
  - 3 Branch Offices and 70 Distributors
Business Overview
## Writing and Printing paper : Products

<table>
<thead>
<tr>
<th>Product</th>
<th>Features:</th>
<th>Variants:</th>
<th>Pricing:</th>
<th>RM Composition:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snow White</td>
<td>Brightness: 85%</td>
<td>Copy Segment: 52-64 GSM</td>
<td>INR 60,500 to 64,000 PMT</td>
<td>Agro Pulp: 75%</td>
</tr>
<tr>
<td></td>
<td>Whiteness: 133%</td>
<td>Printing Segment: 52-90 GSM</td>
<td></td>
<td>Hard Wood Pulp: 25%</td>
</tr>
<tr>
<td></td>
<td>Opacity: 85-96%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Super Snow White</td>
<td>Brightness: 89%</td>
<td>Copy Segment: 52-64 GSM</td>
<td>INR 61,500 to 65,000 PMT</td>
<td>Agro Pulp: 70%</td>
</tr>
<tr>
<td></td>
<td>Whiteness: 142%</td>
<td>Printing Segment: 52-90 GSM</td>
<td></td>
<td>Hard Wood Pulp: 30%</td>
</tr>
<tr>
<td></td>
<td>Opacity: 85-96%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ultra White</td>
<td>Brightness: 85%</td>
<td>Copy Segment: 52-64 GSM</td>
<td>INR 62,500-65,800 PMT</td>
<td>Agro Pulp: 75%</td>
</tr>
<tr>
<td></td>
<td>Whiteness: 133 %</td>
<td>Printing Segment: 52-90 GSM</td>
<td></td>
<td>Hard Wood Pulp: 25%</td>
</tr>
<tr>
<td></td>
<td>Opacity: 85-96%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ultra Shine</td>
<td>Brightness: 88%</td>
<td>Copy Segment: 52-64 GSM</td>
<td>INR 62,000 to 65,500 PMT</td>
<td>Agro Pulp: 70%</td>
</tr>
<tr>
<td></td>
<td>Whiteness: 142 %</td>
<td>Printing Segment: 52-90 GSM</td>
<td></td>
<td>Hard Wood Pulp: 25%</td>
</tr>
<tr>
<td></td>
<td>Opacity: 85-96%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ultra Print</td>
<td>Brightness: 90%</td>
<td>Copy Segment: 52-64 GSM</td>
<td>INR 63,000 to 66,500 PMT</td>
<td>Agro Pulp: 65%</td>
</tr>
<tr>
<td></td>
<td>Whiteness: 145 %</td>
<td>Printing Segment: 52-90 GSM</td>
<td></td>
<td>Hard Wood Pulp: 25%</td>
</tr>
<tr>
<td></td>
<td>Opacity: 78-96%</td>
<td></td>
<td></td>
<td>Imported Hard/Soft Wood Pulp: 10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Writing and Printing paper : Products

Coloured Paper

Features:
- Brightness: 85%
- Whiteness: 133%
- Opacity: 94-96%

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: 82%
- Whiteness: 70%
- Opacity: 92-95%

Variants:
- 100-170 GSM

Pricing:
- INR 62,000 PMT

RM Composition:
- Agro Pulp: 75%
- Hard Wood Pulp: 25%

Natural Shade

Features:
- Brightness: 92%
- Whiteness: 142%
- Opacity: 92%

Variants:
- 70-80 GSM

Pricing:
- INR 69,500 to 70,000

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

Photo Copier

Features:
- Brightness: 90%
- Whiteness: 142%
- Opacity: 92%

Variants:
- 70-80 GSM

Pricing:
- INR 69,500 to 70,000

RM Composition:
- Agro Pulp: 75%
- Hard Wood Pulp: 25%

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Raw Material Consumed (MT)</th>
<th>Column1</th>
<th>Total Revenue (INR Mn.)</th>
<th>Cash Profit (PBDT) (INR Mn.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>1,43,440</td>
<td>3,978</td>
<td>76.01%</td>
<td>-7.95%</td>
</tr>
<tr>
<td>FY15</td>
<td>1,44,429</td>
<td>3,931</td>
<td>76.01%</td>
<td>-7.95%</td>
</tr>
<tr>
<td>FY16</td>
<td>1,60,631</td>
<td>4,336</td>
<td>76.01%</td>
<td>-7.95%</td>
</tr>
<tr>
<td>FY17</td>
<td>1,94,204</td>
<td>5,708</td>
<td>76.01%</td>
<td>-7.95%</td>
</tr>
<tr>
<td>FY18</td>
<td>2,06,400</td>
<td>6,421</td>
<td>76.01%</td>
<td>-7.95%</td>
</tr>
<tr>
<td>FY19</td>
<td>2,12,858</td>
<td>7,384</td>
<td>76.01%</td>
<td>-7.95%</td>
</tr>
</tbody>
</table>

Operating Cost Bridge

<table>
<thead>
<tr>
<th>FY16-Operating costs as % of revenue</th>
<th>Raw Materials</th>
<th>Chemicals</th>
<th>Power &amp; Fuel</th>
<th>Store &amp; Spare</th>
<th>Packing Material</th>
<th>Salary &amp; Wages</th>
<th>FY19-Operating costs as % of revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>76.01%</td>
<td>-7.95%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>65.26%</td>
</tr>
<tr>
<td>FY17</td>
<td>76.01%</td>
<td>-7.95%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>65.26%</td>
</tr>
<tr>
<td>FY18</td>
<td>76.01%</td>
<td>-7.95%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>65.26%</td>
</tr>
<tr>
<td>FY19</td>
<td>76.01%</td>
<td>-7.95%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>-4.59%</td>
<td>65.26%</td>
</tr>
</tbody>
</table>
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 m³/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.

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/cm² pressure for pulp making and steam at 4Kg/cm² pressure for drying paper; SIL has installed 62Kg/cm² steam pressure boilers and 27.95 MW power is co-generated from energy produced in pressure reduction which helps in huge cost savings.

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.

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.

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/cm² pressure for pulp making and steam at 4Kg/cm² pressure for drying paper; SIL has installed 62Kg/cm² steam pressure boilers and 27.95 MW power is co-generated from energy produced in pressure reduction which helps in huge cost savings.

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Future Growth Strategy

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.

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.

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.
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.
Karnal Technology

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.

Plantation

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

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.

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.
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
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.
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.
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.

- CREP, 2003
- CWRPP, 2012
- CWRPP, 2015 (Ganga Basin States)
- National Charter (In the pipeline)

• Corporate Responsibility for Environment Protection (CREP) had some key action points - utilization of treated effluent wherever possible, reduce wastewater discharge to less than 140 m³/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 m³/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.
Financial Overview
## Income Statement

<table>
<thead>
<tr>
<th>PARTICULARS (INR Mn)</th>
<th>FY16</th>
<th>FY17*</th>
<th>FY18*</th>
<th>FY19*</th>
<th>9M-FY20*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Revenue</td>
<td>4,336</td>
<td>5,708</td>
<td>6,421</td>
<td>7,384</td>
<td>6,296</td>
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<tr>
<td>Total Expenses</td>
<td>3,801</td>
<td>4,799</td>
<td>5,203</td>
<td>5,743</td>
<td>4,919</td>
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<tr>
<td>EBITDA</td>
<td>535</td>
<td>909</td>
<td>1,218</td>
<td>1,641</td>
<td>1,377</td>
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<tr>
<td><strong>EBITDA Margin</strong></td>
<td><strong>12.34%</strong></td>
<td><strong>15.93%</strong></td>
<td><strong>18.97%</strong></td>
<td><strong>22.22%</strong></td>
<td><strong>21.87%</strong></td>
</tr>
<tr>
<td>Other Income</td>
<td>165</td>
<td>211</td>
<td>303</td>
<td>145</td>
<td>140</td>
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<tr>
<td>Depreciation</td>
<td>332</td>
<td>400</td>
<td>451</td>
<td>477</td>
<td>394</td>
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<tr>
<td>Finance Cost</td>
<td>251</td>
<td>245</td>
<td>237</td>
<td>208</td>
<td>158</td>
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<tr>
<td>Extraordinary Items</td>
<td>(16)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>PBT</td>
<td>101</td>
<td>475</td>
<td>833</td>
<td>1,101</td>
<td>965</td>
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<tr>
<td>Tax</td>
<td>(30)</td>
<td>20</td>
<td>146</td>
<td>223</td>
<td>207</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>131</td>
<td>455</td>
<td>687</td>
<td>878</td>
<td>758</td>
</tr>
<tr>
<td><strong>PAT Margin</strong></td>
<td><strong>3.02%</strong></td>
<td><strong>7.98%</strong></td>
<td><strong>10.70%</strong></td>
<td><strong>11.89%</strong></td>
<td><strong>12.04%</strong></td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>-</td>
<td>(2)</td>
<td>(8)</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Total Comprehensive Income</td>
<td>131</td>
<td>453</td>
<td>679</td>
<td>880</td>
<td>760</td>
</tr>
<tr>
<td>EPS (INR per share)</td>
<td>1.31</td>
<td>4.55</td>
<td>6.86</td>
<td>8.77</td>
<td>7.58</td>
</tr>
</tbody>
</table>

*As per IND-AS
## Balance Sheet (IND-AS)

<table>
<thead>
<tr>
<th>PARTICULARS (INR Mn)</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>PARTICULARS (INR Mn)</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>2,226</td>
<td>3,076</td>
<td>3,574</td>
<td>Non-Current Assets</td>
<td>3,540</td>
<td>4,505</td>
<td>5,012</td>
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<tr>
<td>Equity Share Capital</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>a) Property, Plant and Equipment</td>
<td>3,119</td>
<td>3,827</td>
<td>3,624</td>
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<tr>
<td>Other Equity</td>
<td>2,126</td>
<td>2,976</td>
<td>3,474</td>
<td>b) Capital Work In Progress</td>
<td>295</td>
<td>561</td>
<td>1,301</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>c) Financial Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>1,819</td>
<td>1,957</td>
<td>2,072</td>
<td>(i) Investments</td>
<td>29</td>
<td>31</td>
<td>31</td>
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<tr>
<td>a) Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td>(ii) Loans</td>
<td>35</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>(i) Borrowings</td>
<td>910</td>
<td>1,054</td>
<td>1,109</td>
<td>(iii) Other financial assets</td>
<td>10</td>
<td>10</td>
<td>10</td>
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<tr>
<td>(ii) Other Financial liabilities</td>
<td>837</td>
<td>823</td>
<td>876</td>
<td>d) Deferred Tax Asset (Net)</td>
<td>48</td>
<td>59</td>
<td>29</td>
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<tr>
<td>b) Other Non-Current Liabilities</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>e) Other Non-Current Assets</td>
<td>4</td>
<td>-</td>
<td>-</td>
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<tr>
<td>c) Provisions</td>
<td>69</td>
<td>77</td>
<td>84</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>1,773</td>
<td>1,571</td>
<td>2,256</td>
<td>Current Assets</td>
<td>2,278</td>
<td>2,099</td>
<td>2,890</td>
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<tr>
<td>a) Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
<td>a) Inventories</td>
<td>526</td>
<td>599</td>
<td>586</td>
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<tr>
<td>(i) Borrowings</td>
<td>676</td>
<td>537</td>
<td>783</td>
<td>b) Biological Assets other than bearer plants</td>
<td>295</td>
<td>303</td>
<td>329</td>
</tr>
<tr>
<td>(ii) Trade Payables</td>
<td>447</td>
<td>454</td>
<td>630</td>
<td>(i) Trade Receivables</td>
<td>1,179</td>
<td>1,057</td>
<td>1,762</td>
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<tr>
<td>(iii) Other Financial Liabilities</td>
<td>468</td>
<td>516</td>
<td>662</td>
<td>(ii) Cash and Cash Equivalents</td>
<td>13</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>b) Current tax liabilities (net)</td>
<td>-</td>
<td>13</td>
<td>58</td>
<td>(iii) Bank balances other than above</td>
<td>64</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>c) Other Current Liabilities</td>
<td>164</td>
<td>44</td>
<td>116</td>
<td>(iv) Other financial assets</td>
<td>23</td>
<td>26</td>
<td>52</td>
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<tr>
<td>d) Provisions</td>
<td>18</td>
<td>7</td>
<td>7</td>
<td>d) Current Tax Assets (Net)</td>
<td>21</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>e) Other Current Assets</td>
<td>157</td>
<td>74</td>
<td>115</td>
</tr>
<tr>
<td>GRAND TOTAL - EQUITIES &amp; LIABILITIES</td>
<td>5,818</td>
<td>6,604</td>
<td>8,092</td>
<td>GRAND TOTAL – ASSETS</td>
<td>5,818</td>
<td>6,604</td>
<td>8,092</td>
</tr>
</tbody>
</table>
Financial Highlights

Operational Revenue (INR Mn)

ROE (%) and ROCE (%)

EBITDA (INR Mn) & EBITDA Margin (%)

Debt to Equity

Net Worth (INR Mn)
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