



CIN: L21012PB1980PLC004329

Manufacturer of Quality IS 1848
writing, Printing & Specialty
Paper with ECO MARK



Date: 13.11.2021

The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400001 Scrip Code: 539201	The Manager, Listing Department, National Stock Exchange of India Ltd, Exchange Plaza, Plot No. C/1, G- Block, Bandra Kurla Complex, Bandra (East), Mumbai-400051 Symbol: SATIA
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Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 Q2 & H1 FY22 -Earing Updates

Dear Sir/Madam,

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, We are enclosing herewith Q2 & H1 FY22 -Earing Updates

You are requested to take the same on record.

Thanking you

Yours faithfully,
For Satia Industries Limited

(Rakesh Kumar Dhuria)
Company Secretary

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

CIN: L21012PB1980PLC004329

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

Q2 FY22 & H1 FY22 – Earning Updates

Revenue from Operations reported at ₹ 1867.71 MN in Q2 FY22 ↑ by 26%

EBITDA stands at ₹ 423.16 MN in Q2FY22 ↑ by 11%

PAT at ₹202.66 MN in Q2FY22 ↑ by 52%

Muktsar, Punjab 13th Nov, 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 2nd Quarter and First Half Year ended on 30th September, 2021.

Financial Statement Highlights for Q2 FY22 v/s Q2 FY21

Particulars (INR MN)	Q2 FY22	Q2 FY 21	YOY %	Q1 FY 22
Revenue from Operations	1,867.71	1,479.26	26%	1,909.06
Other Income	67.67	4.41		6.99
Total Revenue	1,935.38	1,483.67	30%	1,916.05
Total Expenses	1,512.22	1,101.19		1,406.08
EBITDA	423.16	382.48	11%	509.97
EBITDA Margin (%)	22.66	25.86	-320 bps	26.71
Depreciation	128.35	152.08		177.12
Finance Cost	49.47	38.21		42.29
PBT with Exceptional Item	245.35	192.20	28%	290.56
Exceptional Items	-	-		-
PBT	245.35	192.20	28%	290.56
Current Tax	52.17	48.77		78.20
Earlier Years	-	-		0.00
Deferred Tax	-9.48	10.05		-6.78
Tax	42.69	58.815		71.42
PAT	202.66	133.38	52%	219.14
Other comprehensive profit / loss	0.79	-0.79		0.79
Net PAT	203.44	132.60	53%	219.93
PAT Margin %	10.89	8.96	193 bps	11.52
Diluted EPS	2.03	1.33	52%	2.19

Financial Performance Comparison – Q2 FY22 v/s Q2 FY21

- The total Revenue from operations increased by 26% from ₹ 1479.26 mn in Q2 FY21 to ₹ 1867.71 mn in Q2 FY22 owing to higher sales quantity and better sales realization.
- EBITDA increased by 11% from ₹ 382.48 mn in Q2 FY21 to ₹ 423.16 mn in Q2 FY22, mainly due to higher sales quantity and better sales realization.
- EBITDA margins have de-grown to 22.66% for Q2 FY 22 from 25.86% in Q2 FY21 mainly due to increase in fuel & chemical prices.
- Net profit stood at ₹ 203.44 mn in Q2 FY22, compared to ₹ 132.60 mn in Q2 FY21.
- PAT margins increased to 10.89% in Q2 FY22 from 8.96% in Q2 FY21.

Financial Statement Highlights for H1 FY22 v/s H1 FY21

Particulars (INR MN)	H1 FY 22	H1 FY 21
Revenue from Operations	3,776.77	2,730.40
Other Income	74.66	29.32
Total Revenue	3,851.44	2,759.73
Total Expenses	2,918.31	2,074.13
EBITDA	933.13	685.60
EBITDA Margin (%)	24.71	25.11
Depreciation	305.47	275.43
Finance Cost	91.76	82.92
PBT with Exceptional Item	535.91	327.24
Exceptional Items	-	-
PBT	535.91	327.24
Current Tax	130.37	79.32
Earlier Years	-	-
Deferred Tax	(16.26)	(1.94)
Tax	114.11	77.38
PAT	421.80	249.86
Other comprehensive profit / loss	1.58	(1.57)
Net PAT	423.37	248.29
PAT Margin %	11.21	9.09
Diluted EPS	4.22	2.50

Financial Performance Comparison – H1 FY22 v/s H1 FY21

- The total Revenue from operations increased by 38% from ₹2730.40 mn in H1 FY21 to ₹ 3776.77 mn in H1 FY22 owing to higher sales quantity and better sales realization.
- EBITDA increased by 36% from ₹ 685.60 mn in H1 FY21 to ₹ 933.13 mn in H1 FY22, mainly due to higher sales quantity and better sales realization.
- Net profit stood at ₹423.37 mn in H1 FY22, compared to ₹ 248.29 mn in H1 FY21.
- PAT margins increased to 11.21% in H1 FY22 from 9.09% in H1 FY21.
- Total Fixed Asset grew by 27% from ₹ 6635.43 Mn in H1 FY21 to ₹ 8411.97 Mn in H1 FY22
- Current Asset stood at ₹ 2535.94 Mn in H1 FY22, compared to ₹2784.33 Mn in H1 FY21
- Long term borrowing stood at ₹ 2415.60 Mn in H1 FY22, compared to ₹ 1957.52 Mn in H1 FY21 and Short-term borrowing at ₹ 747.97 Mn in H1 FY22, compared to ₹ 817.70 Mn in H1 FY21
- Inventory Holding Period is 45 days in H1 FY 22 compared to 39 days in H1 FY 21
- Debt Equity ratio is 0.72 in H1 FY 22 compared to 0.70 in H1 FY 21
- Cash from operations increased to ₹ 774.12 MN in H1 FY22 from ₹ 532.67 MN in H1 FY21.

B. Business Updates:

Operational Highlights of Q2 FY22 performance:

- With the re-opening of the economy in Q2 FY22 post Covid Lockdowns, SIL continues to receive regular orders from state textbook boards and open market. We have been able to record a further growth in **SIL's production level of 33,089.75 MT in the Q2 FY22 as compared to the production of 30,780.61 MT in Q2 FY21.** SIL's sustained and healthy relationships with the State Textbook Board Corporations pan India has helped them secure orders at gross higher realization per ton.
The higher production was in line with the healthy growth in sales volume from **30628.58 MT in Q2 FY21 to 33294.95 MT in Q2 FY22** with increased demand and traction in the writing and printing sector.
- Award for Energy Conservation- SIL was awarded the First position along with a cash award of ₹. 50,000/- in recognition of its efforts in the field of Energy conservation by adopting new technologies and process optimization during the years 2018-19 and 2019- 20 by Punjab Energy Development Agency, Chandigarh under the Category of Energy Intensive Industries in Pulp and Paper sector.
- SIL continued its efforts to diversify into new product line like wedding card base along with increasing the share of Cup stock base and Copier paper in its total production during the quarter.

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

- The 4th Paper machine has been fully erected and production trials shall begin in first week of Dec 2022, 2021. Pulp mill, Soda recovery plant, Power generation plant along-with ETP have already been upgraded. Deinking plant too will start in this month only. Management is confident to get minimum three months additional production coming from this expansion in this financial year only.
- Wood pulp digester automation is being done at a cost of ₹ 60 crores to optimize steam consumption from present level of 1.6ton steam /ton of pulp to 0.6 ton steam/ton of pulp. Based on the present cost of steam @ 2000/ton; it will lead to saving of minimum 300 ton steam costing ₹ 6 lacs /day and 22 cr/yr. Besides saving steam consumption, it shortens the processing time thus leading to increase in capacity by almost 50%. Higher in-house wood pulp production will reduce dependence on imported pulp with substantial gains in cost and procurement risk minimization. SIL will be the second company to install this project in India. ROI for this project will be just 18 months.

Updates on new product line – Table Cutlery

In close association with Zume, a US-based global brand, engaged in producing and outsourcing of moulded table cutlery products SIL has completed mechanical trials and normal production should begin in Dec. 2021

C. Management Comments

Commenting on the performance of Q2 FY22, Mr. Chirag Satia, Executive Director said,

*“The 2nd quarter of FY22 witnessed re-opening of the economy and education sector which led to a rise in demand for paper across the industry. We expect a sustained growth demand with the re-opening of schools & colleges across the nation and with economic activities resuming normalcy; in the second half of the year with higher realizations. We have a strong **order book in hand of 60 days** at attractive price realization. Our new production will come in this year only and we expect to get minimum one quarter additional production from the new Paper machine in this financial year.*

We are happy to report that we shall start commercial production of cutlery before the end of this calendar year and thereafter we also plan to scale up capacities in this segment. This segment is expected to generate attractive realizations and thereby enhance our overall margins.”

D. Management Guidance for FY22:

- Management looks forward to achieve over 1,50,000 tons of production this year and 50 – 60% increase in top line over the last year and at least 150 to 200 bps EBITDA margin accretion in full year FY22 compared to the current margins of Q2FY22; driven by change in product mix and higher production.
- The company has plans to add substantial capacity in this segment immediately after full scale production starts from existing capacity based on the premise of Zume Inc. offering an opportunity to make high value diversified products in our unit.

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 115,000 MT in FY21 implying a capacity utilisation of ~117%. SIL has entered in a formal association with Zume, a US-based global brand in sourcing of packaging products used for meal boxes, beverages and Face Masks, etc. 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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