



SATIA INDUSTRIES LIMITED

40th Annual Report 2020-21



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OVERVIEW

Overview – 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 4,850 ton per year.

1. SIL has total capacity of 1,05,000 MT and in FY21 achieved a capacity utilization of 115%. SIL supplies 50% of its production to State textbook boards with the balance sold in the open market through pan-India network of 70+ dealers.
2. Completely integrated manufacturing setup with 3 paper machines, 100% inhouse power generation, soda recovery plant and one of the best effluent treatment facility.
3. Long-standing relationship with State Text-book Corporations helps in maintain a healthy order book with more than 40% contribution in total revenue.
4. SIL is Carbon Credit Surplus and has a regular income accruing from Renewable Energy Credits (REC).
5. Pan-India distribution network with 70+ dealers and 3 branch offices located in Delhi, Chandigarh

& Jaipur with total employee strength of 1,264+ head counts.

6. SIL has 540 acres of eucalyptus plantations, developed as per Karnal Technology, which consumes total treated water discharge.

OUR ETHOS - VISION AND MISSION

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'

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Ajay Satia – Chairman Cum Managing Director
Mr. R.K. Bhandari – Joint Managing Director
Mr. Chirag Satia - Executive Director
Mr. Hardev Singh – Director (Technical)
Mr. Avinash Chander Ahuja – Director (Independent)
Mr. Dinesh Chand Sharma – Director (Independent)
Mr. I.D. Singh – Director (Independent)
Mr. Ashok Kumar Gupta – Director (Independent)
Mr. Arun Kumar Gupta – Director (Independent)
Dr. Mrs. Priti Lal Shivhare - Director (Independent)
Mr. Vinod Kumar Kathuria – Director (Independent)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Rakesh Kumar Dhuria

CHIEF FINANCIAL OFFICER

Mr. Inderjeet Monga

STATUTORY AUDITORS

Deepak Grover & Associates

Office: # 45, Opp. Thana Sadar, Red Cross Complex,
The Mall, Ferozepur City-152002 (Punjab)

Phone No: - 01632-503792

CORPORATE IDENTIFICATION NUMBER

L21012PB1980PLC004329

REGISTERED/ CORPORATE OFFICE

Malout – Muktsar Road, Village Rupana,
Sri Muktsar Sahib - 152032
Tel. 01633-262001, 262215, 263585
Fax: 01633-263499
Website: www.satiagroup.com

REGISTRAR AND TRANSFER AGENTS

Beetal Financial & Computer Services (P) Limited
Beetal House, 3rd Floor,
99 Madangir, Behind Local Shopping Complex,
Near Dada Harsukhdas Mandir,
New Delhi-110062
Contact No: - 011-29961281-83,
FAX 011-29961284
E-mail beetal@rediffmail.com
Website: www.beetalfinancial.com

BANKERS

Punjab National Bank
Central Bank of India
Andhra Bank
Union Bank of India
UCO Bank
Indusind Bank Ltd

OUR BOARD

Visionary Team – Our KMP's

Dr. Ajay Satia
Chairman Cum Managing Director

Dr. Satia is an MBBS, he has been the pioneer for setting up this integrated paper mill in 1980. Dr. Satia has a passion for work and possesses unparalleled enterprising spirit for expansion and modernisation.



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.

Mr. R. K. Bhandari
Joint Managing Director

Mr. R. K. Bhandari is an MBA, he has been instrumental in steering the operations of SIL for the last over 34 years through thick and thin.



He is instrumental in strategizing and executing corporate actions, annual business plans and monitoring progress against these plans to ensure that SIL attains its objectives as cost-effectively and efficiently as possible.

Mr. Chirag Satia
Executive Director

He has been driving force behind new initiatives since he joined in 2015 and looks after Finance, Accounts and Administration.



His enterprising spirit and visionary outlook have added new energy and fresh air to the organisation.

CHAIRMAN CUM MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

It is my privilege and honour to apprise you all about the performance and results of your company during the financial year 2020-21. This year was most difficult for the whole economy and especially writing and printing industry because all

educational institutions remained shut throughout the year. Most of the companies shifted to the culture of work from home and paper consumption in offices too went down drastically. Most of the mills in the industry operated at lower capacity utilisation but your company achieved a capacity utilization of 115% despite the hardships of Covid -19.

Your company achieved a turnover of Rs.595.16 Cr which was down by 27.76 % than the last year because of lower price realisation which went down by 15.04 %. With cost reduction measures and because of lower raw material and fuel cost, we were able to maintain our EBIDTA level at 24.27 % and PAT at 8.42 % which are comparable to the best in the industry.

Despite fear of epidemic spreading further, your company with utmost precautions kept the pace of progress for our expansion plans to almost double the capacity. Paper machine erection and commissioning was slightly delayed because of the travel restrictions from France and we were able to complete erection and commissioning of new 14 MW turbine along with major progress in wood pulping, soda recovery upgradation, ETP

upgradation and agro pulping addition. We hope to commission the new production in the financial year 2021-22 and then we shall be in the top ten writing and printing producers in India once we achieve full capacity utilisation.

Your company has been on the forefront in helping the society in these difficult times Covid 19 and we overhauled and restarted a long time shut Oxygen plant in Muktsar and also donated a mobile Oxygen unit to a near by town hospital in Giddarbah at a time when there was hue and cry for oxygen all around and got appreciation from the State and local administration for timely efforts. We took due care that none of our staff and workers suffer for lack of medical facility and financial constraints.

At the end, I take this opportunity to thank all the shareholders for their continued trust and support. I must specifically thank our valued Customers, trusted suppliers, especially the State text book boards and our talented employees, who have always stood by the Company and contributed in the progress of the company.

I also deeply regret the loss of life in COVID 19 and request all to take all precautions as 3rd wave fear is still looming large.

Looking forward to your continued support and unflinching trust in future too.

With Best Wishes,

Dr. Ajay Satia

Chairman Cum Managing Director

OUR RESPONSE TO THE COVID-19 CRISIS

At SIL, we believe in providing a healthy and safe environment for all our employees.

To curb the effects of the COVID-19 pandemic, we have undertaken the strictest measures to operate in the safest ways possible. In this 'new normal', our first and foremost objective has been to ensure that our employees are exposed to a safe working environment when they return to our premises. Keeping this in mind, our HR teams have ensured to fulfil every safety requirement and outlined safety guidelines to create a greater awareness.

Security Gate

No entry into the premises without face-mask.

Entry for new employee/person/ guest was not allowed without proper health check-up, sanitization and valid gate-pass.



Employees has to work at their designated seats and unnecessary movements were curbed. Meetings were to be attended via conference calls or videoconferencing as far as possible.

The Company has provided vaccine to all its employees and workers at free of cost.

Employees had to strictly adhere to social distancing norms of minimum 1 meter.

Biometric attendance was suspended till further notice. Alternate arrangements were made for making attendance by showing ID cards only.

SIL'S STRATEGIC AND SUSTAINABLE REVENUE MODEL

1 Supplies to State boards: 40-50% of Revenues

- SIL supplies high quality watermark paper to various state text-book boards.
- Consolidated demand from all Text-books board is approximately 5,00,000 TPA of paper.
- By supplying 50-55k TPA to various state boards, SIL boasts of a 10-12% market share in this vertical.
- The State text-book orders are tender driven business funded under 'Sarva Shiksha Abhiyaan' of Govt. of India and payment to vendors come from respective state boards, thus, the average receivable days ranges in 45-60 days.
- Orders from text-book 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 fillers in the paper.

2 Open market supplies: 50-60% of Revenues

- SIL supplies to retail traders through its strong Pan-India distribution network of 70+ dealers and 3 sales office located in Delhi, Chandigarh & Jaipur.

- A variety of paper grades are manufactured for this vertical such as, Exercise book paper, Snow white paper, SS Maplitho paper, Ledger paper, Copier paper, Colour printing paper and paper cup stock introduced recently.

New addition in the Revenue stream

Paper Cups & Cutlery:

- 1 SIL has introduced a new product line of Virgin based fibre cups. This segment is growing @ 12% p.a. These paper cups are a replacement to plastic cups (which are strictly prohibited) for water, tea or cold drinks.
- 2 With aggressive efforts, SIL has made a strong foothold in this segment which will increase significantly once new machine commences production of cups & cutlery.
- 3 SIL is also exploring opportunities in manufacturing specialized food packaging (pizza box) and bio-degradable table cutlery, which finds market with players like Dominos, Swiggy, Zomato etc



OUR OPERATIONS

Pulping

SIL has developed inbuilt flexibility and capacity to make pulp using three types of raw materials i.e. Agricultural Residue, Wood Chips And Waste Paper. The plant facility having a production capacity of 1,05,000 MTPA is located in Muktsar, Punjab which is considered the wheat belt of Punjab, and has an abundant availability of wheat straw, wood chips and veneer waste to meet the company's current and future requirements. SIL thus has an advantage in pricing as there is no paper mill in a radius of 100 km.



Paper

The company started with a single paper machine in the year 1984 and has over the years expanded its capacity to its present level by installing two new paper machines. All three machines have been continuously upgraded technologically to achieve higher speed and lower energy consumptions. The third paper machine has been upgraded to make surface sized Maplitho and Copier Paper quality and it ranks as the best in its own segment.



Chemical Recovery Facility

The company has two soda recovery boilers (one stand by) within the existing facility. Caustic soda is used to cook and convert raw material into pulp and while washing brown cooked pulp, Black Liquor which is most polluting effluent in the Paper Industry is generated. This Black Liquor is concentrated and fired in the chemical recovery boiler to recover 90-95% of caustic soda used in the cooking process. Further the high-pressure steam that is generated in the process is used to produce power. While this enables company to turn waste into wealth, it simultaneously achieves the prescribed standards of effluent discharge.



Power Generation

To secure a reliable and quality source of power supply without and tripping, the company has invested and achieved self-sufficiency in power over a period of time by establishing 41.95 MW co-generation power plant based on biomass as its fuel. Rice husk which is being used as fuel is abundantly available at a competitive price in the area. As this is considered as green energy; the company earns Renewable Energy Certificates (REC). These certificates are traded on the energy exchanges and are an additional source of income for the company.

SIL has also installed a solar power plant with a capacity of 6.5 MW.

Effluent Discharge Handling

SIL is conscious of its responsibilities and commitment to the sustainability of the environment,

society and law of the land. Hence all effluents are treated to the desired standards and no effluent is discharged into any water body of the state.

Based on the research done by Central Soil Salinity Research Institute, Karnal even popularly known as Karnal Technology there was an interesting revelation made. It was found that in the case of Eucalyptus trees planted on ridges and effluent water flowing through the burrows, the eucalyptus plant acts as natural pump lifting water and evaporating it through its leaves into the atmosphere which increases land capability to handle more water on continuous basis.

Based on this study, SIL has planted Eucalyptus trees in over 540 acres. This plantation gives multifold benefits as it not only handles our total treated effluent; it also supplements the company's future raw material requirements.